

NEW ISSUE
(Book-Entry Only)

RATINGS:
Moody's: Aa3
S&P: AA
(See "MISCELLANEOUS - Ratings")

In the opinion of Bond Counsel, subject to the limitations and conditions described herein, interest on the Bonds (defined below) allocable to a holder thereof is exempt from present State of Georgia income taxation, 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. The opinion contains greater detail, and is subject to exceptions, as noted in "LEGAL MATTERS - Opinion of Tax Exemption" herein.

\$158,360,000
PAULDING COUNTY, GEORGIA
Water and Sewerage Revenue Improvement and Refunding Bonds
Series 2016

Dated: Date of Delivery

Due: December 1, as shown on the Inside Front Cover

The Paulding County Water and Sewerage Revenue Improvement and Refunding Bonds, Series 2016 (the "**Series 2016 Bonds**") are being issued in book-entry form in denominations of \$5,000 or any integral multiple thereof by Paulding County, Georgia (the "**County**"). The Series 2016 Bonds are being issued to (i) advance refund the County's outstanding Water and Sewerage Revenue Bonds, Series 2009 maturing on and after December 1, 2019, and a portion of the County's outstanding Water and Sewerage Revenue Bonds, Series 2009A maturing on and after December 1, 2020; (ii) provide funds to pay or be applied toward the cost of acquiring and constructing additions, extensions, and improvements to the System, including acquiring land for, and constructing and equipping, the new Richland Creek Reservoir in the County and to pay expenses incident to accomplishing the foregoing; (iii) fund a deposit to the Debt Service Reserve Account (defined herein); and (iv) pay the costs of issuance of the Bonds. See "PLAN OF FINANCE."

Interest on the Series 2016 Bonds is payable semiannually on June 1 and December 1 of each year, commencing on December 1, 2016. See "THE SERIES 2016 BONDS" herein.

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**"). Payment of the principal of and interest on the Series 2016 Bonds will be made by the Paying Agent directly to Cede & Co., as nominee for DTC, as registered owner of the Series 2016 Bonds, and will subsequently be disbursed to DTC Participants and thereafter to Beneficial Owners (as such terms are defined herein) of the Series 2016 Bonds, all as described herein. See "THE SERIES 2016 BONDS - Book-Entry Only System of Registration" herein.

The Series 2016 Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity as described herein. See "DESCRIPTION OF THE SERIES 2016 BONDS - Redemption" herein.

The Series 2016 Bonds, the Series 2012 Bonds, the Series 2009 Bonds, the Series 2009A Bonds (each as defined herein), and any parity bonds hereafter issued will be secured by and are payable from a first pledge of and lien on the Net Revenues (defined herein) derived from the operation of the System (defined herein). See "SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2016 BONDS" herein.

Neither the general credit nor the taxing power of the State of Georgia or any political subdivision thereof, including the County, is pledged to the payment of the Series 2016 Bonds. The Series 2016 Bonds are limited obligations of the County and are payable solely from the Net Revenues of the System and amounts on deposit in the funds and accounts held under the Bond Resolution. The Series 2016 Bonds do not constitute a charge, lien, or encumbrance upon any other property of the County.

Maturities, Principal Amounts, Interest Rates, Yields, Prices, and CUSIPs are shown on the Inside Front Cover.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2016 Bonds are offered, when, as and if issued by the County, subject to prior sale, to the withdrawal or the modification of the offer without notice and to the approval of legality by Butler Snow LLP, Atlanta, Georgia, Bond Counsel. Certain legal matters will be passed upon for the County by its counsel, Talley, Richardson & Cable, P.A., Dallas, Georgia and by Disclosure Counsel, Butler Snow LLP, Atlanta, Georgia. The Series 2016 Bonds will be available for delivery through The Depository Trust Company in New York, New York on or about September 22, 2016.

BOFA MERRILL LYNCH

Dated: September 13, 2016

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, AND CUSIPS⁽¹⁾

**\$158,360,000
PAULDING COUNTY, GEORGIA
WATER AND SEWERAGE REVENUE IMPROVEMENT AND REFUNDING BONDS
SERIES 2016**

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP¹</u>
2019	\$825,000	5.000%	0.870%	70360PDZ1
2020	950,000	5.000	1.000	70360PEA5
2021	1,000,000	5.000	1.130	70360PEB3
2022	3,305,000	5.000	1.270	70360PEC1
2023	3,470,000	5.000	1.410	70360PED9
2024	3,700,000	5.000	1.550	70360PEE7
2025	3,975,000	5.000	1.650	70360PEF4
2026	4,175,000	4.000	1.760	70360PEG2
2027	4,340,000	2.500	2.000	70360PEH0
2028	4,450,000	3.500	2.100	70360PEJ6
2029	4,605,000	4.000	2.150	70360PEK3
2030	4,790,000	4.000	2.250	70360PEL1
2031	4,980,000	4.000	2.350	70360PEM9
2032	5,180,000	4.000	2.410	70360PEN7
2033	5,390,000	3.000	2.620	70360PEP2
2034	5,550,000	3.000	2.720	70360PEQ0
2035	5,715,000	3.000	2.820	70360PER8
2036	5,890,000	3.000	2.860	70360PES6
2037	6,065,000	3.000	2.880	70360PEU1

\$40,400,000; 3.000% Term Bond Due December 1, 2043; Yield of 3.000%; CUSIP⁽¹⁾ 70360PEV9
\$39,605,000; 3.000% Term Bond Due December 1, 2048; Yield of 3.000%; CUSIP⁽¹⁾ 70360PEW7

¹ Copyright 2015, American Bankers Association; CUSIP® is a registered trademark of the American Bankers Association. The CUSIP numbers have been assigned by the CUSIP Service Bureau operated by Standard & Poor's, a subsidiary of The McGraw Hill Companies, Inc., and are included herein solely for the convenience of Bondholders. Neither the County, the Underwriter, nor the Paying Agent makes any representation as to the selection, accuracy, or use now or in the future of such CUSIP numbers or has any responsibility with respect to such CUSIP numbers.

PAULDING COUNTY, GEORGIA

Board of Commissioners

David Austin, Chairman

Ron Davis
Todd Pownall
Vernon Collett
Tony Crowe

Administration

Laurie E. Ashmore PE, Director of Paulding County Water System
Bruce E. Coyle, PE, County Engineer
Tabitha Pollard, Finance Director

SPECIAL SERVICES

COUNTY ATTORNEY

Talley, Richardson & Cable, P.A.
Dallas, Georgia

BOND COUNSEL AND DISCLOSURE COUNSEL

Butler Snow LLP
Atlanta, Georgia

FINANCIAL ADVISOR

Raymond James & Associates, Inc.
Atlanta, Georgia

VERIFICATION AGENT

Barthe & Wahrman, P.A.
Bloomington, Minnesota

PAYING AGENT

Regions Bank
Atlanta, Georgia

AUDITOR

Mauldin & Jenkins, LLC
Atlanta, Georgia

CONSULTING ENGINEER

Brown and Caldwell, Inc.
Atlanta, Georgia

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No dealer, broker, salesman or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement in connection with the offering contained herein, and if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 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 contained in this Official Statement has been obtained from representatives of the County, public documents, records and other sources considered to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be constituted as a representation by the Underwriter. The delivery of this Official Statement at any time does not imply that any information herein is correct as of any time subsequent to its date. Any statements in this Official Statement involving estimates, assumptions and matters of opinion, whether or not so expressly stated, are intended as such and not as representations of fact.

The Underwriter intends to offer the Series 2016 Bonds to the public initially at the offering prices set forth on the inside front cover page of the Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Series 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 unit investment trusts) at prices lower than the public offering price.

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market price of the Series 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.

NO REGISTRATION STATEMENT RELATING TO THE SERIES 2016 BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (“SEC”) OR ANY STATE SECURITIES AGENCY. THE SERIES 2016 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES AGENCY, NOR HAS THE SEC OR ANY STATE SECURITIES AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT, AND ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

In making an investment decision, investors must rely on their own examination of the County, the System, and the terms of the offering, including the merits and risks involved. The Series 2016 Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

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OFFICIAL STATEMENT
OF
PAULDING COUNTY, GEORGIA

Relating to its
\$158,360,000
WATER AND SEWERAGE REVENUE IMPROVEMENT AND REFUNDING BONDS
SERIES 2016

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the Appendices hereto, is to furnish certain information in connection with the sale by Paulding County, Georgia (the “**County**”) of \$158,360,000 in aggregate principal amount of its Water and Sewerage Revenue Improvement and Refunding Bonds, Series 2016 (the “**Series 2016 Bonds**”). Capitalized terms used but not defined herein shall have the meanings assigned to them in the Bond Resolution (defined herein).

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

The County, the issuer of the Series 2016 Bonds, is a political subdivision of the State of Georgia created and existing pursuant to the laws of the State of Georgia. The City of Dallas is the county seat and is located approximately 30 miles northwest of the City of Atlanta. The County is the 14th (out of 159) most populous county in the State of Georgia. See “PAULDING COUNTY GENERAL INFORMATION” and “PAULDING COUNTY FINANCIAL INFORMATION.”

Purpose of the Series 2016 Bonds

The Series 2016 Bonds are being issued to (i) advance refund the outstanding County’s Water and Sewerage Revenue Bonds, Series 2009 maturing on and after December 1, 2019, and a portion of the County’s Water and Sewerage Revenue Bonds, Series 2009A maturing on and after December 1, 2020; (ii) provide funds to pay or be applied toward the cost of acquiring and constructing additions, extensions, and improvements to the System, including, without limitation, acquiring land for, and constructing and equipping the new Richland Creek Reservoir in the County, and to pay expenses incident to accomplishing the foregoing; (iii) fund a deposit to the Debt Service Reserve Account (defined herein); and (iv) pay the costs of issuance of the Series 2016 Bonds. See “PLAN OF FINANCE.”

Security and Sources of Payment for the Series 2016 Bonds

The Series 2016 Bonds, the County’s Water and Sewerage Refunding Revenue Bonds, Series 2012 Bonds (the “**Series 2012 Bonds**”), the County’s Water and Sewerage Revenue Bonds, Series 2009 (the “**Series 2009 Bonds**”), the County’s Water and Sewerage Revenue Refunding Bonds, Series 2009A (the “**Series 2009A Bonds**”), and any parity bonds hereafter issued are secured by and are payable from a first pledge of and lien on the revenues derived from the operation of the System after the payment of the reasonable costs of operating and maintaining

such System (the “**Net Revenues**”). The Series 2016 Bonds are limited obligations of the County and are payable solely from the Net Revenues and amounts on deposit in the funds and accounts held under the Bond Resolution. The Series 2016 Bonds do not constitute a charge, lien or encumbrance on any other property of the County. See “SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2016 BONDS.”

Description of the Series 2016 Bonds

Redemption. The Series 2016 Bonds are subject to optional and mandatory sinking fund redemption prior to their stated maturity.

Denominations. The Series 2016 Bonds are issuable in denominations of \$5,000 or any integral multiple thereof. See “DESCRIPTION OF THE SERIES 2016 BONDS - Denominations, Payments, Registrations, Transfers and Exchanges.”

Registration, Transfers and Exchanges. 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 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 transferred upon surrender of such Series 2016 Bond to the Bond Registrar, together with an assignment duly executed by the registered owner or his attorney or legal representative, subject to the conditions hereinafter described. When not in book-entry form, the Series 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 - Denominations, Payments, Registrations, Transfers and Exchanges.”

Payments. Interest on the Series 2016 Bonds is payable on June 1 and December 1 of each year (each such date, an “**Interest Payment Date**”), commencing December 1, 2016. Payment of the principal of and interest on the Bonds will be made by the Paying Agent directly to Cede & Co., as nominee of DTC, and will subsequently be disbursed to Participants hereinafter defined) and thereafter to Beneficial Owners of the Series 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 Bond Registrar on the 15th day of the calendar month next preceding the Interest Payment Date. When not in book-entry form, principal on the Bonds is payable upon surrender thereof at the corporate trust office of the Paying Agent located in Atlanta, Georgia. See “DESCRIPTION OF THE SERIES 2016 BONDS - Denominations, Payments, Registrations, Transfers and Exchanges.”

Notices. Not less than 30 days nor more than 60 days before the date upon which redemption is to be made, a notice of such redemption will be mailed by first class mail, postage prepaid, to all registered owners of Series 2016 Bonds to be redeemed at the addresses which appear upon the bond registration books. See “DESCRIPTION OF THE SERIES 2016 BONDS - Notice of Redemption.”

For a more complete description of the Series 2016 Bonds and the basic documentation pursuant to which they are issued, see “DESCRIPTION OF THE SERIES 2016 BONDS” and Appendix A.

Tax Matters

In the opinion of Bond Counsel, subject to the limitations and conditions described herein, interest on the Bonds is exempt from present State of Georgia income taxation, 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; provided, however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

The opinion contains greater detail, and is subject to exceptions, as noted in “LEGAL MATTERS – Opinion of Bond Counsel.” See Appendix D attached hereto for the form of the opinion Bond Counsel proposes to deliver in connection with the issuance of the Bonds.

Bond Registrar, Paying Agent, Custodian and Depository

Regions Bank, Atlanta, Georgia will act as Bond Registrar and as Paying Agent for the Series 2016 Bonds. Regions Bank, Dallas, Georgia will act as custodian of the Sinking Fund and as depository of the Revenue Fund and the Renewal and Extension Fund created under the hereinafter described Bond Resolution.

Professionals Involved in the Offering

Certain legal matters pertaining to the County and its authorization and issuance of the Series 2016 Bonds are subject to the approving opinion of Butler Snow LLP, Atlanta, Georgia, Bond Counsel. Copies of Bond Counsel’s opinion will be available at the time of delivery of the Series 2016 Bonds, and a copy of the proposed form of such opinion is attached hereto as Appendix D. Certain legal matters will be passed on for the County by its counsel, Talley, Richardson & Cable, P.A., Dallas, Georgia. Certain matters will be passed on by Disclosure Counsel, Butler Snow LLP, Atlanta, Georgia. The financial statements of the County as of June 30, 2015, and for the year then ended, attached hereto as Appendix F, have been audited by Mauldin & Jenkins, LLC, Atlanta, Georgia, independent certified public accountants as stated in their report which appears in Appendix F hereto. Raymond James & Associates, Inc., Atlanta, Georgia (“**Raymond James**”), is serving as Financial Advisor to the County in connection with the issuance of the Bonds. If the County purchases open market securities to be held in the Escrow Fund, Raymond James will act as registered investment advisor to the County in its capacity as bidding agent in conducting a competitive bid procurement process for such securities. Raymond James may also conduct competitive procurement processes for other funds associated with the Series 2016 Bonds. Raymond James will receive compensation for bidding agent services contingent on the sale and delivery of the Series 2016 Bonds. The arithmetical accuracy of certain computations included in the schedules provided by Raymond James on behalf of the County relating to (a) computation of forecasted receipts of principal and interest on the restricted Escrow Obligations (defined herein) and the forecasted payments of principal and interest to pay when due and upon redemption of the Refunded Bonds (defined herein), and (b) computation of the yields on the Refunded Bonds and the restricted Escrow Obligations was examined by Barthe & Wahrman, P.A. Brown and Caldwell, Inc. is serving as the County’s Consulting Engineer in connection with the Reservoir Project and the issuance of the Series 2016 Bonds.

See “MISCELLANEOUS” for more information.

Authority for Issuance

The Series 2016 Bonds are being issued in accordance with the Constitution and laws of the State of Georgia, including but not limited to the Revenue Bond Law (O.C.G.A. Section 36-82-60 *et seq.*, as amended), a resolution of the Paulding County Water Authority adopted on July 28, 1976, as supplemented by various resolutions of the Board of Commissioners of the County (the “**Board**”), including, without limitation, a resolution adopted on July 12, 2016, as amended and as supplemented (collectively, the “**Bond Resolution**”).

Offering and Delivery of the Series 2016 Bonds

The Series 2016 Bonds are offered, subject prior to sale, when, as, and if issued by the County, to the withdrawal or the modification of the offer without notice, and to the approving opinion of Butler Snow LLP, Atlanta, Georgia, Bond Counsel. The Series 2016 Bonds are expected to be delivered through The Depository Trust Company in New York, New York, on or about September 22, 2016.

Continuing Disclosure

The County has covenanted for the benefit of the owners of the Series 2016 Bonds in a Continuing Disclosure Certificate (the “**Disclosure Certificate**”) to provide certain financial information and operating data

relating to the System (the “**Annual Report**”) by not later than 180 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 events (the “**Events Notices**”). The Annual Report and the Events Notices will be filed with the Municipal Securities Rulemaking Board through the operation of the Electronic Municipal Market Access System (“**EMMA**”). The County’s undertaking to provide the Annual Report and Events Notices pursuant to the Disclosure Certificate is described in Appendix B. The covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12 (the “**Rule**”).

In connection with the issuance of the Series 1993 Bonds, the Series 2004 Bonds (which Series 1993 Bonds and Series 2004 Bonds are no longer outstanding), the Series 2009 Bonds, the Series 2009A Bonds, and the Series 2012 Bonds, the County made a similar covenant to provide operating and financial data and material events notices for the benefit of the owners of the Series 1993 Bonds, the Series 2004 Bonds, the Series 2009 Bonds, the Series 2009A Bonds, and the Series 2012 Bonds. The County has complied and is currently in compliance in all material respects with all of its obligations with respect to such undertaking with the following exceptions: for fiscal year 2011, the County filed its Comprehensive Annual Financial Report (“**CAFR**”) on January 11, 2012, which was 14 calendar days late and filed its Annual Report on September 13, 2016; for fiscal year 2013, the Annual Report was filed late on November 26, 2014 (the CAFR for fiscal 2013 was filed in compliance on December 19, 2013); and for fiscal year 2015, the County’s CAFR and Annual Report were filed on December 30, 2015, which was 3 calendar days late.

When the Series 2009 Bonds and the Series 2009A Bonds were issued on November 19, 2009, they were rated “Aa3” (Insured) and “A2” (Underlying) by Moody’s and “AAA” (Insured) and “AA-” (Underlying) by S&P. Moody’s revised the underlying rating on the Series 2009 Bonds and the Series 2009A Bonds to “Aa3” on May 1, 2010 to reflect a change in Moody’s credit rating scale. On November 30, 2011, S&P downgraded its insured rating on the Series 2009 Bonds and the Series 2009A Bonds to “AA-”. On January 17, 2013, Moody’s downgraded its insured rating on the Series 2009 Bonds and the Series 2009A Bonds to “A3”. On March 14, 2014, S&P raised its insured rating on the Series 2009 Bonds and the Series 2009A Bonds to “AA”. A timely notice of these rating changes was not posted, but a corrective notice was posted to EMMA on September 13, 2016.

Other Information

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, 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 Bond Resolution, and other documents are intended as summaries only and are qualified in their entirety by reference to such documents, and references herein to the Series 2016 Bonds are qualified in their entirety to the form thereof included in the Bond Resolution. Copies of the Bond Resolution and other documents and information are available, upon request and upon payment to the County of a charge for copying, mailing and handling, from Tabitha Pollard, Paulding County, Georgia, 240 Constitution Boulevard, Dallas, Georgia 30132; telephone: (770) 443-7512. During the period of the offering of the Series 2016 Bonds, copies of such documents are available upon request and upon payment of a charge for copying, mailing, and handling from Raymond James & Associates, Inc., 3050 Peachtree Road, N.W. – Suite 702, Atlanta, Georgia 30305; telephone: (404) 240-6840.

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PLAN OF FINANCE

Estimated Sources and Uses of Funds

The sources and uses of funds in connection with the issuance of the Series 2016 Bonds are estimated below.

Sources of Funds:

Proceeds from Sale of Series 2016 Bonds	\$158,360,000.00
Plus: Original Issue Premium:	9,346,360.25
Transfers from Prior Issue Debt Service Funds	<u>122,239.06</u>

Total Sources: \$167,828,599.31

Uses of Funds:

Deposit to Construction Fund	\$134,233,147.00
Deposit to Capitalized Interest Account	15,497,616.25
Deposit to Escrow Fund	11,592,174.53
Deposit to Debt Service Reserve Account	4,705,962.50
Costs of Issuance ⁽¹⁾	<u>1,799,699.03</u>

Total Uses: \$167,828,599.31

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

Refunding Plan

Pursuant to a resolution of the Board adopted on March 9, 1999, the County issued and delivered its \$21,680,000 in aggregate principal amount of its Paulding County, Georgia Water and Sewerage Revenue Bonds, Series 1999 (the "**Series 1999 Bonds**"). A portion of the proceeds of the Series 1999 Bonds were used to advance refund the County's Series 1996 Bonds, which Series 1996 Bonds are no longer outstanding and are not secured by a lien on the net revenues of the System.

Pursuant to a resolution of the Board adopted on January 13, 2009, as supplemented on February 12, 2009 (the "**2009 Resolution**"), the County issued and delivered \$15,740,000 in aggregate principal amount of its Paulding County, Georgia Water and Sewerage Revenue Bonds, Series 2009 (the "**Series 2009 Bonds**"), which bonds have as security for the payment thereof a first priority pledge of and lien on the Net Revenues of the System. The Series 2009 Bonds are outstanding and unpaid in the aggregate principal amount of \$10,455,000, bear interest on June 1 and December 1, and mature on December 1 in the years 2016 through 2022.

Pursuant to a resolution of the Board adopted on October 13, 2009, as supplemented on October 27, 2009 (the "**2009A Resolution**"), the County issued and delivered \$17,775,000 in aggregate principal amount of its Paulding County, Georgia Water and Sewerage Revenue Bonds, Series 2009A (the "**Series 2009A Bonds**"), which bonds have as security for the payment thereof a first priority pledge of and lien on the Net Revenues of the System. A portion of the proceeds of the Series 2009A Bonds were used to currently refund the Series 1999 Bonds, which Series 1999 Bonds are no longer outstanding and are not secured by a lien on the net revenues of the System. The Series 2009A Bonds are outstanding and unpaid in the aggregate principal amount of \$12,210,000, bear interest on June 1 and December 1, and mature on December 1 in the years 2016 through 2021.

The County will use a portion of the proceeds of the Series 2016 Bonds to advance refund all of the outstanding Series 2009 Bonds maturing on and after December 1, 2019, and a portion of the outstanding Series 2009A Bonds maturing on and after December 1, 2020 (collectively, the "**Refunded Bonds**"), at a redemption price of 100% of the principal amount of the Refunded Bonds being redeemed. Such refunding will provide debt service cost savings to the County.

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 (the “**Escrow Agreement**”), to be dated as of September 1, 2016 and to be effective as of the date of its execution and delivery, between 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, premium (if any) and interest on the Refunded Bonds until and including their dates of redemption.

The Escrow Obligations and all other amounts held under the Escrow Agreement will not be available to pay the principal of, premium, if any, 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.

In the opinion of Bond Counsel, based in part upon the verification by Barthe & Wahrman, P.A., 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 required pursuant to the Escrow Agreement, the Refunded Bonds will be defeased in accordance with the Bond Resolution.

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RICHLAND CREEK RESERVOIR

A portion of the proceeds of the Series 2016 Bonds will be deposited into the Construction Fund and will be used to pay for certain cost improvements to the System, including costs associated with acquiring land for, and constructing and equipping, the new Richland Creek Reservoir (the “**Reservoir Project**”) in the County. The Reservoir Project consists of an approximately 305 acre reservoir that will store up to three billion gallons of drinking water, a raw water intake and pump station, a raw water pipeline, a new water treatment plant, and distribution system improvements.

The County has been planning for the acquisition and construction of the Reservoir Project for more than fifteen years. A portion of the proceeds of the County’s previously issued general obligation bonds was used to purchase land in the northern part of the County to be used as the future site of the Reservoir Project. The County has received approval to construct the water supply reservoir from the Army Corps of Engineers (the “**Corps**”). The County has applied to the Georgia Environmental Protection Division (“**EPD**”) for additional permits required to complete construction of the Reservoir Project. In addition, the County will be required to acquire further approvals and environmental permits to authorize the Reservoir Project to become, and continue to be, fully operational.

The County currently estimates that the total cost to acquire, construct, and equip the Reservoir Project will be approximately \$214,939,397. A total of \$174,237,052 of the planned \$214,939,397 budget is under contract and the work necessary to complete the Reservoir Project is anticipated to be approximately \$35,609,000. Within each of the already awarded contracts there are contingency reserves controlled by the County that amount to \$2,970,000. Additionally, there is \$5,153,948 in an unallocated contingency reserve within the program budget. This represents a contingency reserve of approximately 14 percent for work that is not yet under contract.

The County has developed a plan to provide funding to pay for the Reservoir Project that consists of proceeds derived from the sale of the Series 2016 Bonds, state and federal grants, and other loan proceeds from the Georgia Environmental Facilities Authority (“**GEFA**”). The following table depicts the currently expected sources of funding for the Reservoir Project and the expected uses of those funds:

<u>Description</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>CY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>Total</u>
	<u>Estimate</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	
Use of Funds						
Reservoir Project	\$14,535,164	\$88,451,353	\$90,750,263	\$19,833,815	\$1,368,802	\$214,939,397
Source of Funds						
Series 2016 Bonds	\$-	\$26,652,450	\$86,378,080	\$19,833,815	\$1,368,802	\$134,233,147
GEFA Loan (\$29.1M)	7,800,892	21,299,108	-	-	-	29,100,000
GEFA Loan (\$21.6M)	-	21,600,000	-	-	-	21,600,000
GEFA Loan (\$6M)	-	6,000,000	-	-	-	6,000,000
GEFA Loan (\$8.2M)	5,934,273	2,271,977	-	-	-	8,206,250
State Direct Investment ¹	-	10,627,817	4,372,183	-	-	15,000,000
EPA Grants	800,000	-	-	-	-	800,000
Total Funding Sources	\$14,535,165	\$88,451,353	\$90,750,263	\$19,833,815	\$1,368,802	\$214,939,397

¹ The County and GEFA have entered into an intergovernmental agreement under which GEFA has agreed to pay for and reimburse the County an amount not to exceed \$15,000,000 for certain pipeline system improvements to be made in connection with the Reservoir Project. Pursuant to this agreement, the County is obligated to complete the Reservoir Project, specifically including the pipeline improvements, on or before December 31, 2032.

For a further description of the Reservoir Project, see the “Engineering Report in Support of Proposed Water and Sewerage Revenue Bonds, Series 2016” (the “**Engineering Report**”) prepared by Brown and Caldwell, Inc. (the “**Consulting Engineer**”) attached hereto at Appendix E, and in particular, section 3.2 thereof for a general description of the Reservoir Project. Section 3.2 of the Engineering Report also provides a summary of the permits required to be obtained by the County to construct and operate the Reservoir Project. Table 3-6 of the Engineering Report provides a summary of the contracts in place for each program component, the County controlled contingency reserves within the awarded contracts, the unallocated contingency reserve, as well as the current program estimate for remaining work for each program component. Table 3-7 of the Engineering Report provides

the current anticipated schedule for each of the project components. In addition, the appendix attached to the Engineering Report provides financial detail related to the Reservoir Project, including details related to revenues, expenses, and the cost to construct and operate the Reservoir Project.

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DESCRIPTION OF THE SERIES 2016 BONDS

General

The Series 2016 Bonds will be dated as of their date of issuance and delivery. The Series 2016 Bonds will bear interest at the rates per annum set forth on the cover page of this Official Statement (computed on the basis of a 360-day year of twelve 30-day months). Interest on the Series 2016 Bonds is payable on June 1 and December 1 of each year (each such date an “**Interest Payment Date**”), commencing December 1, 2016. The Series 2016 Bonds will mature on the dates and in the amounts set forth on the inside front cover page hereof.

Denominations, Payments, Registrations, Transfers and Exchanges

The Series 2016 Bonds will be issued in fully registered form in the denomination of \$5,000 each or integral multiples thereof. The County, the Bond Registrar and the Paying Agent may deem and treat the registered owner as the absolute owner of such Series 2016 Bond for purposes of receiving payment of or on account of principal and interest payable thereon, and for all other purposes; the County, the Bond Registrar and the Paying Agent will not be affected by any notice to the contrary.

When in book-entry form, the purchasers of the Series 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 Bond is transferable upon surrender thereof to the Bond Registrar, together with an assignment duly executed by the registered owner or his attorney, in such form as shall be satisfactory to the Bond Registrar. Upon any such transfer of ownership, the Bond Registrar will cause to be authenticated and delivered a new Series 2016 Bond or Series 2016 Bonds registered in the name of the transferee in the authorized denomination in the same aggregate principal amount and interest rate as the Series 2016 Bonds surrendered for such transfer. When not in book-entry form, the Series 2016 Bonds may be exchanged for a like principal amount of Series 2016 Bonds of the same interest rate of other authorized denominations. For every exchange or registration of transfer, the Bond Registrar may charge an amount sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge may be made to the owner for any exchange or registration of transfer of the Series 2016 Bonds.

Book-Entry Only System of Registration

The information in this section concerning DTC and the DTC book-entry system has been obtained from DTC and the County takes no responsibility for the accuracy or completeness thereof.

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 Bond certificate will be issued for each maturity of the Bonds, in the principal amount of such maturity, 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 securities transactions in deposited securities, through electronic computerized book-

entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its 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 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 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 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 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 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 (if any) 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 an 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 Series 2016 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments 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 the County or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records.

Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 2016 Bonds purchased or tendered, through its Participant, to Paying Agent, and shall effect delivery of such Series 2016 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2016 Bonds, on DTC's records, to Paying Agent. The requirement for physical delivery of Series 2016 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2016 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2016 Bonds to the Paying Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Series 2016 Bonds at any time by giving reasonable notice to the County or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, security certificates are required to be printed and delivered.

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, security certificates will be printed and delivered to DTC.

THE ABOVE INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE COUNTY AND THE UNDERWRITER BELIEVE TO BE RELIABLE, BUT THE COUNTY AND THE UNDERWRITER TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF. NEITHER THE COUNTY NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, BENEFICIAL OWNERS OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR (i) SENDING TRANSACTION STATEMENTS; (ii) MAINTAINING, SUPERVISING OR REVIEWING, OR THE ACCURACY OF, ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS; (iii) PAYMENT OR THE TIMELINESS OF PAYMENT BY DTC TO ANY DTC PARTICIPANT, OR BY ANY DTC PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNER, OF ANY AMOUNT DUE IN RESPECT OF THE PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON BOOK-ENTRY SERIES 2016 BONDS; (iv) DELIVERY OR TIMELY DELIVERY BY DTC TO ANY DTC PARTICIPANT, OR BY ANY DTC PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNERS, OF ANY NOTICE (INCLUDING NOTICE OF REDEMPTION) OR OTHER COMMUNICATION WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BOND RESOLUTION TO BE GIVEN TO HOLDERS OR OWNERS OF BOOK-ENTRY SERIES 2016 BONDS; (v) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF BOOK-ENTRY SERIES 2016 BONDS, OR (vi) ANY ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF THE BOOK-ENTRY SERIES 2016 BONDS.

So long as DTC or its nominee is the registered owner of the Series 2016 Bonds, payments of the principal, redemption premium (if any), and interest due on the Series 2016 Bonds will be payable directly to DTC. So long as Cede & Co. is the registered owner of the Series 2016 Bonds, as nominee for DTC, reference herein to the registered owners of the Book-Entry Series 2016 Bonds (other than under the heading "LEGAL MATTERS -- Tax Exemption" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Book-Entry Series 2016 Bonds.

Optional Redemption

The Series 2016 Bonds maturing on or after December 1, 2027 may be redeemed prior to their respective maturities at the option of the County, in whole or in part at any time on or after December 1, 2026, in any order of maturity at the redemption price of par plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption

The Series 2016 Bonds maturing on December 1, 2043, are subject to scheduled mandatory sinking fund redemption prior to maturity in part at a redemption price equal to 100% of the principal amount thereof on the date of such redemption, in the following principal amounts on the dates set forth below (the December 1, 2043 amount to be paid at maturity rather than redeemed):

<u>Date</u> <u>(December 1)</u>	<u>Principal Amount</u>
2038	\$6,245,000
2039	6,435,000
2040	6,625,000
2041	6,825,000
2042	7,030,000
2043	7,240,000

The Series 2016 Bonds maturing on December 1, 2048, are subject to scheduled mandatory sinking fund redemption prior to maturity in part at a redemption price equal to 100% of the principal amount thereof on the date of such redemption, in the following principal amounts on the dates set forth below (the December 1, 2048 amount to be paid at maturity rather than redeemed):

<u>Date</u> <u>(December 1)</u>	<u>Principal Amount</u>
2044	\$7,460,000
2045	7,685,000
2046	7,915,000
2047	8,150,000
2048	8,395,000

Optional or mandatory sinking fund redemptions shall be made pro rata, rounded to the nearest \$5,000, among the holders of the Series 2016 Bonds of each date of maturity by redeeming from each such holder that principal amount which bears the same proportion to the principal amount of such stated maturity registered in the name of such holder of the Series 2016 Bonds as the total principal amount of such stated maturity to be redeemed on any sinking fund payment date bears to the aggregate principal amount of such stated maturity outstanding prior to redemption. If the Bond Registrar cannot make a strict pro rata redemption among the holders of the Series 2016 Bonds of a stated maturity, the Bond Registrar shall redeem more or less than a pro rata portion from one or more holders of such stated maturity in such manner as the Bond Registrar deems fair and reasonable. In connection with any such redemption prior to maturity, the Bond Registrar shall make appropriate entries in the Bond Register to reflect a portion of any Series 2016 Bond so redeemed and the amount of the principal remaining outstanding. The Bond Registrar's notation in the Bond Register shall be conclusive as to the principal amount of any Outstanding Series 2016 Bond at any time.

Notice of Redemption

Notice of redemption will be given by first class mail at least 30 days and not more than 60 days prior to the redemption date, to all registered owners of Series 2016 Bonds to be redeemed at their addresses of record as they appear on the books of the Bond Registrar. Failure to mail any such notice, or any defect therein, will not affect the validity of the proceedings for the redemption of any other Series 2016 Bond. Failure of any bondholder to receive such notice if mailed as aforesaid will not affect the validity of the proceedings for the redemption of such Series 2016 Bond. Interest shall cease to accrue on any Series 2016 Bonds duly called for redemption on the

redemption date if payment thereof has been duly provided for. The privilege of transfer or exchange of any of the Series 2016 Bonds so called for redemption may be suspended by the Bond Registrar for a period commencing 15 days preceding the mailing of the notice of redemption and ending on the date fixed for redemption.

Legal Authority

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

The Series 2016 Bonds are being issued and secured pursuant to the authority granted by Article 3 of Chapter 82 of Title 36 of the Official Code of Georgia Annotated, known as the “Revenue Bond Law” (the “**Revenue Bond Law**”), and under the provisions of the Bond Resolution.

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SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2016 BONDS

Pledge of Net Revenues

Under the terms of the Bond Resolution, the Series 2016 Bonds are secured by a first and prior pledge of and lien on the “Net Revenues.” The Series 2016 Bonds rank on parity with the 2009 Bonds, the Series 2009A Bonds, and the Series 2012 Bonds. “Net Revenues” is defined as the amount of money or its equivalent actually collected from the operation of the System and remaining in the Revenue Fund after the payment of the reasonable and necessary cost of operating and maintaining the System, but before making provision for any depreciation charges. The County may, under certain terms and conditions as provided in the Bond Resolution, issue additional parity bonds (“**Parity Bonds**”) payable from the Net Revenues and ranking on a parity as to lien on such Net Revenues with the lien thereon securing the Series 2016 Bonds. The Series 2009 Bonds, the Series 2009A Bonds, the Series 2012 Bonds, the Series 2016 Bonds, and such Parity Bonds are collectively referred to herein as the “Bonds.”

Pursuant to the Bond Resolution, the County has agreed to deposit all revenues derived from the operation of the System into the Paulding County Water and Sewerage System Revenue Fund (the “**Revenue Fund**”). The moneys remaining after paying the reasonable and necessary expenses of operating and maintaining the System are pledged to the payment of all Bonds. See Appendix A for a description of the flow of funds.

Rate Covenant

The County has agreed to place into effect a schedule of rates, fees and charges for the services, facilities and commodities furnished by its System to produce funds sufficient to (i) operate and maintain the System on a sound businesslike basis, (ii) maintain the Sinking Fund in amounts sufficient to pay 1.10 times the principal of and interest on the Bonds as the same become due and payable in the then current sinking fund year, (iii) create and maintain a debt service reserve in the amount required in the Bond Resolution and (iv) create and maintain the Renewal and Extension Fund in the amount required in the Bond Resolution.

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

Debt Service Reserve Account

The County has established two accounts in the Sinking Fund: the Debt Service Account and the Debt Service Reserve Account. The money on deposit in the Debt Service Account will be used to pay the principal of, redemption premium (if any) and interest on the Bonds as the same become due and payable. The money on deposit in the Debt Service Reserve Account will be used to pay the principal of, redemption premium (if any) and interest on the Bonds in the event that amounts on deposit in the Debt Service Account are insufficient. The Debt Service Reserve Account is required to be funded in an amount equal to the “Reserve Requirement.” Reserve Requirement means the least of (i) 10% of the stated principal amount of the Bonds or (ii) the maximum annual principal and interest requirements on the Bonds or (iii) 125% of the average annual principal and interest requirements on the Bonds. The increase in the Reserve Requirement caused by the issuance of the Series 2016 Bonds is required by the Bond Resolution to be fully funded within five years or funded with a portion of the proceeds derived from the sale of the Series 2016 Bonds.

Parity Bonds

As discussed above, the County may, from time to time hereafter, issue Parity Bonds under the terms of the Bond Resolution. Such Parity Bonds will have a first lien on the Net Revenues of the System. See Appendix A for the conditions under which such Parity Bonds may be issued.

Limited Obligations

The Series 2016 Bonds are special limited obligations of the County payable solely from the Net Revenues. The Series 2016 Bonds are not payable from and are not secured by a charge, lien, or encumbrance upon any funds or assets of the County other than the Net Revenues and the funds and accounts created and held under the Bond Resolution.

The Series 2016 Bonds do not and will not constitute a debt or general obligations of the County or a pledge of the faith and credit or taxing power of the County. No governmental entity, including the County, is obligated to levy any tax for the payment of the Series 2016 Bonds. No recourse may be had against the General Fund of the County for the payment of the Series 2016 Bonds. The pledge of and lien on Net Revenues securing the Series 2016 Bonds does not create a legal or equitable pledge, charge, lien, or encumbrance upon any of the County's property or income, receipts, or revenues, except the Net Revenues and the amounts on deposit in the funds and accounts held under the Bond Resolution.

Remedies

The Revenue Bond Law provides that the provisions of the Revenue Bond Law and the Bond Resolution constitute a contract between the County and the owners of the Series 2016 Bonds. The Revenue Bond Law provides that the duties of the County, the Board, and the officers of the County under the Revenue Bond Law and the Bond Resolution are enforceable by any owner of the Series 2016 Bonds by mandamus or other appropriate action or proceeding at law or in equity.

The Revenue Bond Law also provides that in the event the County defaults in the payment of the principal or interest on any of the Series 2016 Bonds after the same becomes due, whether at maturity or upon call for redemption, and such default continues for a period of 30 days, or in the event the County or the Board, or the officers, agents, or employees of the County fail or refuse to comply with the essential provisions of the Revenue Bond Law or default in any material respect in the Bond Resolution, any holders of the Series 2016 Bonds shall have the right to apply in an appropriate judicial proceeding to the Superior Court of Paulding County, Georgia or to any court of competent jurisdiction for the appointment of a receiver of the System, whether or not all Series 2016 Bonds have been declared due and payable and whether or not such holder is seeking or has sought to enforce any other right or to exercise any remedy in connection with the Series 2016 Bonds. Upon such application, the Superior Court, if it deems such action necessary for the protection of the bondholders, may appoint and, if the application is made by the holders of 25 percent in principal amount of the Series 2016 Bonds then outstanding, shall appoint a receiver of the System.

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

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

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

court and may be removed by such court.

Under the terms of the Revenue Bond Law, whenever all that is due upon the Series 2016 Bonds and interest thereon and upon any other notes, bonds or other obligations and interest thereon having a charge, lien, or encumbrance on the Net Revenues of the System and under any of the terms of the Bond Resolution has been paid or deposited as provided therein and whenever all defaults have been cured and made good and it appears to the court that no default is imminent, the court must direct the receiver to surrender possession of the System to the County. The same right of the holders of the Series 2016 Bonds to secure the appointment of a receiver exists upon any subsequent default as is provided in the Revenue Bond Law.

If the County were to default on the Series 2016 Bonds, the realization of value from the pledge of the Net Revenues to secure the payment of the Series 2016 Bonds would depend upon the exercise of various remedies specified by the Bond Resolution and Georgia law (including the Revenue Bond Law). These remedies may require judicial actions, which are often subject to discretion and delay and which may be difficult to pursue. The enforceability of rights or remedies, with respect to the Series 2016 Bonds may be limited by state and federal laws, rulings, and decisions affecting remedies and by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

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

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THE SYSTEM

Introduction

The Paulding County Water Authority (the “**Authority**”) was the initial owner and operator of the County’s water and sewerage system (the “**System**”). The Authority was created by an act of the General Assembly of the State of Georgia in 1969. The System originally consisted of one 500,000 gallon water tank and 90 miles of water lines and served 600 customers. The Authority expanded the System throughout the 1970’s and 1980’s. Most of the major improvements were financed with the Authority’s revenue bonds.

On February 1, 1990, the Authority was abolished by an act of the General Assembly of the State of Georgia. The County, acting by and through its governing authority, became successor in interest to the Authority and succeeded to all rights and obligations of the Authority. The County now owns and operates the System. The County has continued the expansion of the System in the 1990’s and 2000’s.

Management

The County administers the daily operations of the System through its Water System Department (the “**Department**”). Approximately 87 employees of the County currently work exclusively in connection with the System.

The County Administrator, who is appointed by the Board, upon recommendation of the Chairman of the Board, oversees the management and coordination of the operations and activities of the Department. The office of the County Administrator is currently vacant and the Chairman of the Board is currently acting as the County Administrator.

The chief managerial officer of the Department is the Director of Water Systems, who is appointed by the Board, upon recommendation of the Chairman. Laurie E. Ashmore, P.E. has served as Director of Water Systems since December 2014. Ms. Ashmore has more than 30 years of experience in water and wastewater systems engineering and utility management both in the public and private sectors. Her technical qualifications include a Bachelor of Science degree in Civil Engineering from the Tri-State (now Trine) University in Indiana.

Bruce E. Coyle has been the County Engineer since June 1986. His technical qualifications include a Bachelor of Science degree in Civil Engineering Technology from the Southern Polytechnic State University.

Tabitha Pollard has been the Finance Director of the County since August, 2005. Her qualifications include a Masters of Professional Accounting degree from the State University of West Georgia.

System Facilities

Water System

The County currently purchases all of its water supply from the Cobb County-Marietta Water Authority (the “**Cobb Authority**”) pursuant to a Contract and Agreement, dated as of June 1, 1970, as amended pursuant to four different amendments (collectively, as amended, the “**Contract**”). The Cobb Authority charges the County a uniform flat wholesale base rate (the “**Base Rate**”) as well as an excess use surcharge for peak usage months. The Fourth Amendment to Water Supply Contract dated as of December 16, 1991 set the Base Rate at \$1.01 per one thousand gallons of usage, subject to future increases. The current Base Rate is \$3.09 per thousand gallons of usage and the County purchases approximately 10 million gallons per day from the Cobb Authority, accounting for more than 50% of the System’s annual operating expense.

The Contract expires on May 31, 2032. The County has planned for its water needs following the expiration of the Contract through the construction of the Reservoir Project.

The water system currently has seven water storage tanks with total capacity of 4.75 million gallons and approximately 900 miles of water mains, ranging in size from six inches to twenty-four inches. There are currently

twelve pump stations in the water system. The water system serves all unincorporated areas of the County, except a small area served by the City of Dallas and a small area served by the City of Hiram.

See the Engineering Report for more information regarding water system facilities, the Reservoir Project, water purchase rates, in particular, section 7 of the appendix attached thereto titled “Operating Expenses” thereof, the current condition of the water system, and future capital investment needs in addition to the Reservoir Project.

Sewerage System

The sewerage system currently has three wastewater treatment plants with a total capacity of 4.8 million gallons per day. The sewerage system currently has approximately 230 miles of gravity sewer mains, ranging in size from eight inches to thirty-six inches. There are forty-three lift stations and approximately sixty miles of force main ranging in size from four inches to eighteen inches. There also are approximately thirty miles of reuse mains ranging in size from six inches to sixteen inches that are used to distribute reclaimed wastewater back to golf courses and residential yards for irrigation purposes. The sewer system currently serves the Coppermine basin, located in the southeastern section of the County, the Pumpkinvine basin, located in the northeastern section of the County, and the Upper Sweetwater basin in the southwestern section of the County.

The County’s three wastewater treatment plants are described below.

<u>Plant</u>	<u>Permitted Treatment Capacity (MGD)</u>	<u>2015 Average Daily</u>	<u>2015 Maximum Daily</u>	<u>Date of Original Construction</u>	<u>Dates of Improvements</u>	<u>Receiving Stream</u>	<u>NPDES/ LAS Permits Expiration Date¹</u>
Coppermine	2.033	1.47	3.20	1993	2004, 2008	Mill Creek	2017 NPDES 2018 LAS
Pumpkinvine	2.5	0.95	1.35	1998	2004, 2006 and 2009	Pumpkinvine Creek	2018 NPDES 2019 LAS
Upper Sweetwater	<u>0.3</u>	<u>0.05</u>	<u>0.12</u>	2005	2006	Sweetwater Creek	2018 NPDES
Total	<u>4.833</u>	<u>2.47</u>	<u>4.67</u>				

¹ National Pollutant Discharge Elimination System (“NPDES”) and Land Application System (“LAS”) permit renewal packages are generally received nine months prior to permit expiration and submitted six months prior to permit expiration.

For more information, please see the Engineering Report, which provides additional information about the County’s sewer system, its current condition, and future capital investment needs.

Service Area

The System supplies water to an estimated population in excess of 140,700, totaling approximately ninety-two percent (92%) of the population of the County. The System provides sewer service to residential, commercial and industrial customers within the County and serves an estimated population in excess of 33,339 totaling approximately twenty-two percent (22%) of the population of the County. The County has the nonexclusive right to provide water and sewerage service within the territory of the County. For selected demographic data for the County, see “PAULDING COUNTY GENERAL INFORMATION” herein.

Government Permits and Environmental Regulation

Water Distribution. The County’s water operations are subject to the regulatory requirements imposed by the Georgia Safe Drinking Water Act of 1977 and the Rules for Safe Drinking Water, Chapter 391-3-5. The regulatory requirements are administered by the EPD. The EPD has issued to the County an operating permit for the public drinking water distribution system using purchased surface water as the source of supply. The approved source for finished water is the Cobb County-Marietta Water Authority ID#0670002. The permit number for the Paulding County Water System is CP2230002, with expiration in 2024.

Wastewater Treatment. The County’s wastewater operations are subject to the regulatory requirements imposed by the Federal Water Pollution Control Act, as amended (the “**Clean Water Act**”), and the Georgia Water Quality Control Act. The regulatory requirements are administered by the Federal Environmental Protection Agency (“**EPA**”) and the EPD. The EPD has issued to the County operating permits for the treatment of wastewater in the following amounts at the following wastewater treatment plants:

<u>Plant</u>	<u>Permitted Treatment Capacity (MGD)</u>	<u>Permit Number</u>
Coppermine WRF	2.033	NPDES – GA0038865 LAS – GA02-297
Pumpkinvine WRF	2.5	NPDES – GA0039021 LAS – GA02-296
Upper Sweetwater WRF	0.3	NPDES – GA0038890

State and federal regulations applicable to the County’s wastewater operations deal with, among other issues, the quality of effluent which may be discharged from the County’s wastewater treatment facilities, the disposal of sludge generated by the wastewater treatment plants, and the nature of waste material (particularly industrial waste) discharged into the collection system.

National Pollutant Discharge Elimination System (“NPDES”) Permits. Under the Clean Water Act, a NPDES permit is generally required for discharges to surface water. Therefore, to comply with federally mandated effluent quality and disposal criteria, the County must operate its water reclamation facilities (“**WRF**”) according to discharge limitations and reporting requirements set forth in NPDES permits. The three WRFs have separate NPDES permits allowing discharges to the Etowah and Chattahoochee River Systems.

Other Approvals. The EPD has the authority to review and approve the plans and specifications for certain improvements and extensions to the System. When these plans and specifications are finalized for a particular project, the County, if required, will submit them to the EPD for approval.

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

Rates, Fees, and Charges

The County maintains separate rates and charges for water and sewer customers.

Existing Rates

The County’s existing water rate structure consists of both fixed charges and volumetric rates that vary by customer class. All customers pay a fixed monthly base charge that does not vary by meter size but is different for each customer class. The County’s volumetric rates, assessed per thousand gallons (kgal), consist of a three-tier increasing block rate structure for Residential customers, while Commercial and Irrigation usage is billed at uniform rates. The County’s sewer rates and charges are billed on a more simplistic structure. Residential and Commercial customers pay a different fixed monthly base charge, but are assessed a single uniform volumetric rate for all sewer usage (as measured by metered water usage). The following table presents the existing rates for the County, effective as of January 1, 2016.

Existing Rates, Fees, and Charges (as of January 1, 2016)

<u>Water Rates</u>	<u>CY 2016</u> <u>Actual</u>	<u>Sewer Rates</u>	<u>CY 2016</u> <u>Actual</u>
<u>Residential</u>		<u>Residential</u>	
Monthly Base Charge	\$5.00	Monthly Base Charge	\$2.00
Volumetric Rate (Tier)		Volumetric Rate (per kgal)	
Tier 1 0-8 kgal	7.16		
Tier 2 8-16 kgal	7.87	<u>Commercial</u>	
Tier 3 > 16 kgal	8.59	Monthly Base Charge	\$5.00
		Volumetric Rate (per kgal)	7.16
<u>Commercial</u>			
Monthly Base Charge	\$8.00		
Volumetric Rate (per kgal)	7.16		
<u>Irrigation</u>			
Monthly Base Charge	\$8.00		
Volumetric Rate (per kgal)	7.87		

Future Rates; Rate Forecast

In September 2013, the Cobb Authority adopted a five-year rate program to increase wholesale water rates 4.0% annually from fiscal year 2014 through fiscal year 2018. On February 23, 2016, the Board also approved a five-year program of rate increases, to begin on January 1, 2017, to support the cost of financing the Reservoir Project as well as other capital improvements to the System. The program of rate increases includes a 4.75% annual increase in water volumetric rates in addition to the annual rate increases from the Cobb Authority.

The financial forecast included in the Engineering Report includes the program of rate increases approved by the Cobb Authority through the end of fiscal year 2018, and further assumes that the Cobb Authority will continue to increase rates at 4% per year during fiscal years 2019 through 2021, which have not been approved by the Cobb Authority. The result of those assumptions is that the financial forecast included in the Engineering Report assumes an 8.75% annual increase in water volumetric rates over the forecast period.

The following table identifies the actual rates for calendar year 2016 and rate increases approved by the County for CY 2017 – CY 2021, which are based upon the assumed rate increases by the Cobb Authority for the same fiscal years described above.

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Future Rates; Rate Forecast

<u>Description</u>	<u>CY 2016</u> <u>Actual</u>	<u>CY 2017</u> <u>Forecast</u>	<u>CY 2018</u> <u>Forecast</u>	<u>CY 2019</u> <u>Forecast</u>	<u>CY 2020</u> <u>Forecast</u>	<u>CY 2021</u> <u>Forecast</u>
Water						
<u>Residential</u>						
Monthly Base Charge	\$ 5.00	\$ 6.00	\$ 6.00	\$ 7.00	\$ 7.00	\$ 7.50
Volumetric Rate (Tier)						
Tier 1 0-8 kgal	7.16	7.79	8.47	9.21	10.02	10.90
Tier 2 8-16 kgal	7.87	8.56	9.31	10.12	11.01	11.97
Tier 3 > 16 kgal	8.59	9.34	10.16	11.05	12.02	13.07
<u>Commercial</u>						
Monthly Base Charge	\$ 8.00	\$ 9.00	\$ 9.00	\$ 10.00	\$ 10.00	\$ 10.50
Volumetric Rate (per kgal)	7.16	7.79	8.47	9.21	10.02	10.90
<u>Irrigation</u>						
Monthly Base Charge	\$ 8.00	\$ 9.00	\$ 9.00	\$ 10.00	\$ 10.00	\$ 10.50
Volumetric Rate (per kgal)	7.87	8.56	9.31	10.12	11.01	11.97
Sewer						
<u>Residential</u>						
Monthly Base Charge	\$ 2.00	\$ 2.50	\$ 2.50	\$ 3.00	\$ 3.00	\$ 3.50
Volumetric Rate (per kgal)	7.16	7.45	7.75	8.06	8.38	8.72
<u>Commercial</u>						
Monthly Base Charge	\$ 5.00	\$ 5.50	\$ 5.50	\$ 6.00	\$ 6.00	\$ 6.50
Volumetric Rate (per kgal)	7.16	7.45	7.75	8.06	8.38	8.72
Annual Volumetric Rate Increases - Assumed						
<u>Water</u>						
CCMWA Increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Additional Increase	0.00%	4.75%	4.75%	4.75%	4.75%	4.75%
Total Volumetric Rate Increase	4.00	8.75%	8.75%	8.75%	8.75%	8.75%
<u>Sewer</u>						
Volumetric Rate Increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

For a further description of the County's Rates, Fees, and Charges of the System, see the Engineering Report, and in particular, appendix A thereof.

**Residential Water and Sewer Bill Based on Consumption of 6,000 Gallons
and Rates in Effect as of June 2015**

<u>Utility</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Coweta County	\$47.27	\$48.65	\$95.92
Oconee County	46.11	40.16	86.27
Henry County	40.47	40.47	80.94
City of Gainesville	22.84	55.33	78.17
Athens-Clarke County	39.51	38.66	78.17
Rockdale County	36.59	52.07	88.66
Douglasville – Douglas County	37.99	43.79	81.78
Gwinnett County	36.60	51.92	88.52
Augusta – Richmond County	28.33	35.04	63.37
Paulding County	46.28	43.28	89.56

Source: <http://www.efc.sog.unc.edu/project/georgia-water-adn-wastewater-rates-and-rate-structures>

Rate Setting Process

Under Georgia law, the County has the exclusive authority to establish rates and charges for water and sewer service supplied by the System. The rates charged by the County for water and sewer service supplied by the System are not subject to review or approval by any federal or state regulatory body. The Board establishes the rates, which are subject to change at any time as the Board deems advisable. The Board adopts rate schedules by resolution after recommendations from the staff of the System. The staff of the System makes periodic reviews of the rate structure to determine if modifications are needed. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 BONDS - Rate Covenant” herein for a description of the County’s agreements concerning the rates, fees, and charges for the services, facilities, and commodities to be furnished by the System. No statutory procedures are required as a condition precedent to a change in rates.

Billing and Collection

Each customer’s bill is mailed several days after the meter is read. The customer has 15 days from the billing date to pay the bill without incurring a late charge. A 10% late fee is assessed if the bill is not paid on or before the due date. The meter may be disconnected for failure to pay. If the meter is disconnected, the customer is charged a \$50.00 reconnection fee.

Customers

Water System. Set forth below is information concerning the demand for water from the System for its past five calendar years.

Water Demand - Years Ended December 31

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Average Daily (MGD)	10.5	10.4	9.9	10.0	10.4
Max. Monthly Avg. (MGD)	12.8	11.1	10.3	11.3	11.8

Source: Paulding County Water and Sewer System.

Set forth below is the number of connections to the water system by customer class as of the dates shown.

Number of Water Connections as of June 30

<u>Customer Class</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Residential	39,940	40,434	41,153	42,230	43,571
Commercial and Industrial	1,248	1,286	1,321	1,107	1,129
Municipal	<u>39</u>	<u>41</u>	<u>41</u>	<u>41</u>	<u>41</u>
Total	41,227	41,761	42,515	43,378	44,741

Source: Paulding County Water and Sewer System.

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The following table sets forth the total number of water customers for the last ten fiscal years.

Number of Customers

<u>Year</u>	<u>Customers</u>
2007	40,388
2008	40,685
2009	40,817
2010	40,657
2011	40,886
2012	41,227
2013	41,761
2014	42,515
2015	43,378
2016	44,741

Source: Paulding County Water and Sewerage System.

Set forth below is information concerning the ten largest water customers of the System for the year ended June 30, 2015. No independent investigation has been made of, and consequently no representation can be made as to, the stability or financial condition of any of the customers listed below or that such customers will continue to maintain their status as major customers of the System.

Ten Largest Water Customers

<u>Customer</u>	<u>Average Monthly Usage (1,000 gal)</u>	<u>Total Billing</u>	<u>Percentage of Total Water Revenues⁽¹⁾</u>
City of Dallas	162,200	\$813,504	3.56%
Paulding County School District	35,583	323,252	1.42
Polk County Water	12,943	60,702	0.27
Ocean Harris Bridge	12,313	104,314	0.46
Merchant Court Apartments	12,240	103,222	0.45
WellStar Hospital	11,530	100,270	0.44
Ameagle Contractor	10,765	107,092	0.47
Paulding Assoc., LLC	9,852	83,181	0.36
American Home 4 Rent	7,618	53,707	0.24
Freo Georgia LLC	7,184	58,382	0.26

⁽¹⁾ Total Water Revenues are \$21,422,866 (for June 30, 2015).
Source: Paulding County Water and Sewerage System.

Sewer System. Set forth below is information concerning the demand for sewer service from the System for its past five calendar years.

Treated Wastewater Flow Years Ended December 31

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Average Daily (MGD)	1.99	1.99	2.03	2.29	2.47
Maximum Monthly Avg. (MGD)	2.39	2.39	2.41	2.48	2.87

Source: Paulding County Water and Sewerage System.

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Set forth below is the number of connections to the sewer system by customer class as of the dates shown.

Number of Sewer Connections as of June 30

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Residential	7,625	7,801	8,283	9,803	10,213
Commercial and Industrial	<u>365</u>	<u>379</u>	<u>396</u>	<u>401</u>	<u>407</u>
Total	7,990	8,180	8,679	10,204	10,620

Source: Paulding County Water and Sewerage System.

The following table sets forth the total number of sewerage customers for the last ten fiscal years.

Number of Customers

<u>Year</u>	<u>Customers</u>
2007	7,548
2008	7,937
2009	7,848
2010	8,221
2011	8,245
2012	8,414
2013	8,618
2014	9,135
2015	9,914
2016	10,620

Source: Paulding County Water and Sewer System.

Set forth below is information concerning the ten largest sewer customers of the System for the year ended June 30, 2015. No independent investigation has been made of, and consequently no representation can be made as to, the stability or financial condition of any of the customers listed below or that such customers will continue to maintain their status as major customers of the System.

Ten Largest Sewer Customers

<u>Customer</u>	<u>Average Monthly Usage (1000 gal)</u>	<u>Total Billing⁽¹⁾</u>	<u>Percentage of Total Sewer Revenues⁽²⁾</u>
Paulding County School District	17,537	\$156,528	2.90%
Paulding Associates LLC	9,853	83,117	1.54
Westwind Townhomes	7,162	60,522	1.12
Evergreen @ Lost Mountain	5,695	48,111	0.89
Magnolia Commons	5,496	46,364	0.86
Well Star Paulding	4,467	37,751	0.70
New Life Homes, LLC	4,321	34,887	0.65
Inland American Retail	3,145	26,583	0.49
FMC Hiram	3,099	26,163	0.48
Homeplace Communities	2,807	23,753	0.44

⁽¹⁾ Based on water consumption.

⁽²⁾ Total Sewer Revenues are \$5,400,615 (for June 30, 2015).

Source: Paulding County Water and Sewerage System.

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TRI-STATE WATER DISPUTES

Background; Current Status

For more than two decades, the States of Georgia, Alabama and Florida have been in various disputes concerning the use of two shared river basins – the Apalachicola-Chattahoochee-Flint (“ACF”) River Basin and the Alabama-Coosa-Tallapoosa (“ACT”) River Basin. These river systems serve multiple needs in these three states, which include drinking water, power generation, agriculture, and recreation.

The metro Atlanta area, in particular, relies upon surface waters from the ACF and ACT river basins for its water supply needs. Historically, rainfall in the metro Atlanta area has been sufficient to supply the area’s water supply needs, but the metro Atlanta area also relies upon two reservoirs operated by the Corps to provide water supply. The two reservoirs primarily relied upon by the metro Atlanta area are Lake Lanier, located in the ACF river basin, and Allatoona Lake, located in the ACT basin. It is the provision of water to metro Atlanta from Lake Lanier and Allatoona Lake that have caused disputes between the States of Georgia, Alabama, and Florida.

The tri-state water disputes first began in 1990, when the State of Alabama, in a lawsuit filed against the Corps, challenged the Corps’ operation of Lake Lanier and Allatoona Lake for water supply purposes. Since this original case was filed, the three states have entered into a multitude of agreements that have either expired or terminated for various reasons, additional litigation has been filed, and additional parties have either joined in existing cases or filed separate lawsuits, including the Atlanta Regional Commission, the Cobb Authority, and Alabama Power Company. Much of the litigation remains unresolved; however, the Corps has taken certain steps to attempt to resolve the disputes, including adopting a new Master Water Control Manual for the ACT river basin, which includes Allatoona Lake, and a draft Master Water Control Manual and Environmental Impact Statement for the ACF Basin, which includes Lake Lanier.

For more detailed information on the background and history of the tri-state water disputes, see <http://www.atlantaregional.com/environment/tri-state-water-wars/background>. For more information on the State of Florida’s still pending lawsuit against the State of Georgia, see <http://www.atlantaregional.com/environment/tri-state-water-wars/acf-supreme-court>. For more information on the ACT water control manual and the ongoing litigation, see <http://www.atlantaregional.com/environment/tri-state-water-wars/act-litigation-and-water-control-manual>.

Impact on the County and the Reservoir Project

The County plans to withdraw water for the Reservoir Project from the Etowah River, which is in the ACT river basin and which flows from Allatoona Lake at the lake’s southern exodus. Reduction in the Corps’ peak water supply releases from Allatoona Lake as a result of judicial decisions (including, without limitation, decisions resulting from the ACT litigation described above), actions by Congress, or agreements among the States of Alabama, Florida, and Georgia could jeopardize the County’s assurance of a long-term source of water from the Etowah River for the System. This in turn could force the County to make significant capital expenditures to ensure that its sources of water supply to the System remain viable and adequate. The County intends to pursue reasonable courses of action to ensure that its sources of water supply to the System remain viable and adequate. However, at present, it is not possible to predict the outcome of pending or future litigation or the effect that possible congressional action or interstate agreements might have on the sources of water supply to the System.

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SYSTEM FINANCIAL INFORMATION

Accounting System and Policies

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

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

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Debt Service Schedule

The following table sets forth the debt service requirements during each fiscal year on the Series 2009 Bonds, the Series 2009A Bonds, the Series 2012 Bonds, the Series 2016 Bonds and the Georgia Environmental Facilities Authority (“GEFA”) loans (the “GEFA Loans”), which are all secured by and payable from the Net Revenues of the System. ⁽¹⁾ The Series 2009 Bonds, the Series 2009A Bonds, the Series 2012 Bonds and the Series 2016 Bonds will be the only debt secured by a first lien on the Net Revenues of the System upon the issuance of the Series 2016 Bonds. The GEFA Loans are secured by a subordinate lien on the Net Revenues.

PAULDING COUNTY WATER AND SEWERAGE SYSTEM DEBT SERVICE REQUIREMENTS⁽¹⁾

Fiscal Year	Series 2009 Bonds	Series 2009A Bonds	Series 2012 Bonds	Series 2016 Bonds			Total “Net” ⁽²⁾	GEFA Loans	Aggregate “Net” ⁽²⁾
	Total	Total	Total	Principal	Interest ⁽²⁾	Total	Bond Debt Service	Debt Service	
2017	\$920,375	\$2,326,171	\$1,079,800	--	\$3,688,762	\$3,688,762	\$4,656,617	--	\$4,656,617
2018	917,312	2,262,746	1,166,525	--	5,333,150	5,333,150	4,824,083	--	\$4,824,083
2019	913,500	2,173,348	1,250,550	--	5,333,150	5,333,150	4,814,898	--	\$4,814,898
2020	--	2,167,625	1,241,800	\$825,000	5,312,525	6,137,525	7,119,125	--	\$7,119,125
2021	--	876,375	1,246,000	950,000	5,268,150	6,218,150	8,340,525	\$2,579,656	10,920,181
2022	--	<u>840,500</u>	<u>1,341,300</u>	1,000,000	5,219,400	6,219,400	8,401,200	2,588,863	10,990,063
2023				3,305,000	5,111,775	8,416,775	8,416,775	2,598,237	11,015,012
2024				3,470,000	4,942,400	8,412,400	8,412,400	2,607,782	11,020,182
2025				3,700,000	4,763,150	8,463,150	8,463,150	2,617,501	11,080,651
2026				3,975,000	4,571,275	8,546,275	8,546,275	2,627,396	11,173,671
2027				4,175,000	4,388,400	8,563,400	8,563,400	2,637,472	11,200,872
2028				4,340,000	4,250,650	8,590,650	8,590,650	2,683,524	11,274,174
2029				4,450,000	4,118,525	8,568,525	8,568,525	2,639,596	11,208,121
2030				4,605,000	3,948,550	8,553,550	8,553,550	2,640,687	11,194,237
2031				4,790,000	3,760,650	8,550,650	8,550,650	2,641,797	11,192,447
2032				4,980,000	3,565,250	8,545,250	8,545,250	2,642,928	11,188,178
2033				5,180,000	3,362,050	8,542,050	8,542,050	2,644,080	11,186,130
2034				5,390,000	3,177,600	8,567,600	8,567,600	2,645,252	11,212,852
2035				5,550,000	3,013,500	8,563,500	8,563,500	2,646,446	11,209,946
2036				5,715,000	2,844,525	8,559,525	8,559,525	2,647,662	11,207,187
2037				5,890,000	2,670,450	8,560,450	8,560,450	2,648,900	11,209,350
2038				6,065,000	2,491,125	8,556,125	8,556,125	2,650,160	11,206,285
2039				6,245,000	2,306,475	8,551,475	8,551,475	2,651,443	11,202,918
2040				6,435,000	2,116,275	8,551,275	8,551,275	2,652,750	11,204,025
2041				6,625,000	1,920,375	8,545,375	8,545,375	2,654,080	11,199,455
2042				6,825,000	1,718,625	8,543,625	8,543,625	2,655,434	11,199,059
2043				7,030,000	1,510,800	8,540,800	8,540,800	2,656,814	11,197,614
2044				7,240,000	1,296,750	8,536,750	8,536,750	2,658,218	11,194,968
2045				7,460,000	1,076,250	8,536,250	8,536,250	2,659,648	11,195,898
2046				7,685,000	849,075	8,534,075	8,534,075	2,661,103	11,195,178
2047				7,915,000	615,075	8,530,075	8,530,075	2,662,586	11,192,661
2048				8,150,000	374,100	8,524,100	8,524,100	2,664,095	11,188,195
2049				<u>8,395,000</u>	<u>125,925</u>	<u>8,520,925</u>	<u>8,520,925</u>	2,665,632	11,186,557
2050								2,667,197	2,667,197
2051-2058								<u>9,086,454</u>	<u>9,086,454</u>
Total	<u>\$2,751,187</u>	<u>\$10,646,766</u>	<u>\$7,325,975</u>	<u>\$158,360,000</u>	<u>\$105,044,737</u>	<u>\$263,404,737</u>	<u>\$268,631,048</u>	<u>\$88,338,393</u>	<u>\$357,014,441</u>

⁽¹⁾ Assumes the Refunded Bonds have been refunded as described herein.

⁽²⁾ Interest payable on the new money portion of the Series 2016 Bonds from December 1, 2016 to December 1, 2019 will be paid from proceeds of the Series 2016 Bonds (capitalized).

GEFA Loans. Currently, GEFA has six loans outstanding to the County, which are payable from the Net Revenues of the System as follows:

<u>GEFA LOANS</u>					
<u>Loan Number</u>	<u>Principal Amount</u>	<u>Dated Date</u>	<u>Interest Rate</u> ¹	<u>Principal Outstanding as of August 1, 2016</u> ²	<u>Maturity Date</u> ¹
CW09093	\$660,000	January 31, 2010	3.00%	\$534,691	August 1, 2031
WS12L07WS	2,800,600	December 3, 2012	3.13%	2,558,268	10 years from ACD
WS12L13WR	29,100,000	March 8, 2016	1.82%	9,241,133	40 years from ACD
WS13L04WR	21,600,000	March 8, 2016	1.40%	-	30 years from ACD
WS14L03WR	6,000,000	March 8, 2016	2.03%	-	40 years from ACD
WS15L01WR	8,206,250	March 8, 2016	2.03%	-	30 years from ACD

¹ The GEFA Loans bear interest only during the loan disbursement period and then convert to amortizing loans after all loan proceeds have been disbursed, which the GEFA Loan documents refer to as the "Amortization Commencement Date" ("ACD").

² The GEFA Loans are draw down loans. Draws have been made under loans numbered WS12L07WS and WS12L13WR in the amounts shown. No other GEFA Loans have commenced the draw down phase as of the date hereof.

The lien on the Net Revenues of the System securing the GEFA Loans is subordinate to the lien on such Net Revenues securing the Series 2016 Bonds.

Proposed Debt

The County does not currently anticipate issuing any debt within the next three years that will be payable from the Net Revenues.

Historical and Pro Forma Parity Debt Service Coverage

The following table sets forth the historical long-term parity debt service coverage of the System for the last five fiscal years, excluding the loans from GEFA, which are subordinate liens on the Net Revenues. See "PLAN OF FINANCING - Debt Service Schedule." Such information should be considered in conjunction with the information concerning the System contained elsewhere in this Official Statement, including but not limited to the selected historical financial data and the financial statements of the System included in Appendix F.

HISTORICAL PARITY DEBT SERVICE COVERAGE
Years Ended June 30, 2012 through June 30, 2016

	<u>2012</u> (Audited)	<u>2013</u> (Audited)	<u>2014</u> (Audited)	<u>2015</u> (Audited)	<u>2016</u> (Unaudited)
Net Income (Loss) before capital contributions and transfers	\$214,702	\$325,603	\$1,568,866	\$1,986,366	\$2,236,054
Plus: Depreciation	5,775,845	5,369,374	5,503,132	5,502,452	5,633,749
Plus: Interest	2,023,105	1,991,102	1,393,389	1,272,890	1,253,341
Less: Construction Fund Earnings	<u>(2)</u>	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>
Net Revenues Available for Debt Service	8,013,650	7,686,079	8,465,387	8,761,708	9,123,144
Actual Debt Service on Bonds ⁽¹⁾	4,883,644	4,669,679	4,794.581	4,824,619	5,034,275
Coverage Ratio	1.68x	1.65x	1.77x	1.81x	1.81x

⁽¹⁾ Does not include GEFA loans or intergovernmental contract payments due to component units (as to the latter, see Summary of Assets, Liabilities and Net Position below and, in particular, the line items therein titled "Due to Component Units").

The Consulting Engineer has made calculations to demonstrate the historical debt service coverage, based upon historical operating results, that would have occurred for the past five fiscal years (i) had the Series 2016

Bonds been outstanding during such periods, (ii) had the Refunded Bonds been refunded and defeased during such periods, and (iii) had the combined actual annual debt service payable on the Series 2009 Bonds, the Series 2009A Bonds, and the Series 2012 Bonds that are not being refunded and the Series 2016 Bonds been paid during such periods.

Set forth below are the County’s pro forma ratios of net revenues available for debt service to actual debt service on the Series 2009 Bonds, the Series 2009A Bonds and the Series 2012 Bonds that are not being refunded and the Series 2016 Bonds, for the past five years, determined by the application of pro forma adjustments that substitute combined actual annual debt service on the Series 2009 Bonds, the Series 2009A Bonds and the Series 2012 Bonds that are not being refunded and the Series 2016 Bonds for actual debt service paid on revenue bonds during such periods.

The Consulting Engineer has made many important assumptions in connection with providing its forecast, including, without limitation, (1) a 4% annual increase in the wholesale rate charged by the Cobb Authority for water purchased by the County, (2) a 4.75% annual increase in the water rates charged by the County for water purchased by System customers, (3) a 1% annual increase in water demand, (4) the Reservoir Project will commence production in fiscal year 2020 and will be able to service approximately 60% of the County’s water demand during the fiscal year 2020, and (5) by the fiscal year 2021, the Reservoir Project will service 85% of the County’s water demand with the remaining 15% coming from water purchased from the Cobb Authority to address peak water demand.

In addition to these assumptions, the Consulting Engineer has made other important assumptions in its Engineering Report. Please see the Engineering Report for additional information, in particular the appendix attached thereto.

PRO FORMA PARITY DEBT SERVICE COVERAGE†
(Years Ended June 30, 2017 through June 30, 2021)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Net Revenues Available for Debt Service	\$10,686,390	\$12,194,307	\$13,894,448	\$19,305,516	\$27,600,872
Debt Service on Bonds ^{(1) (2)}	4,648,135	4,811,825	4,802,644	7,739,750	9,241,975
Pro Forma Coverage Ratio†	2.14x	2.36x	2.70x	2.39x	2.27x

⁽¹⁾ Actual Debt Service on the Series 2009 Bonds and the Series 2009A Bonds not being refunded, and on the Series 2012 Bonds and the Series 2016 Bonds.

⁽²⁾ Assumes that interest payable on the Series 2016 Bonds from December 1, 2016 to December 1, 2019 will be paid from proceeds of the Series 2016 Bonds (capitalized).

† Does not include GEFA loans or intergovernmental contract payments due to component units (as to the latter, see Summary of Assets, Liabilities and Net Position below and, in particular, the line items therein titled “Due to Component Units”).

The financial information presented above, which is based upon historical financial results, should not be considered to represent future results that may be obtained by the County. Although the System’s management believes that future financial results will be comparable to those set forth above, certain of the assumptions that management is presently relying upon may not materialize, and unanticipated events and circumstances may occur that may adversely affect such results.

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Summary of Operating Results

The following table sets forth selected historical financial information of the System for the most recent five fiscal years. The historical financial information for the fiscal years ended June 30, 2012 to 2015 presented below has been derived from the County's audited financial statements for the respective years. The historical financial information for the fiscal year ended June 30, 2016 has been prepared by the County without audit. For more detailed information with respect to the fiscal year ended June 30, 2015, see Appendix F.

	2012 <u>(Audited)</u>	2013 <u>(Audited)</u>	2014 <u>(Audited)</u>	2015 <u>(Audited)</u>	2016 <u>(Unaudited)</u>
Operating Revenues:					
Charges for Water and Sewer Services	\$23,531,577	\$23,792,960	\$24,501,101	\$26,271,173	\$28,340,884
Penalties	664,031	744,845	691,371	743,831	621,399
Misc. Revenues	<u>634,288</u>	<u>758,225</u>	<u>853,607</u>	<u>797,314</u>	<u>-</u>
Total Operating Revenues	24,829,896	25,296,030	26,046,079	27,812,318	29,750,359
Operating Expenses:					
Salaries & Wages	2,211,308	2,273,598	2,428,243	2,581,263	2,604,190
Fringe Benefits	1,133,679	1,220,399	1,281,023	1,223,016	1,231,502
Other Operating Expenses	4,230,465	4,360,495	4,345,341	5,137,337	5,700,462
Cost of Water Purchased	9,385,659	10,083,532	10,119,415	10,893,775	11,943,815
Depreciation	<u>5,775,845</u>	<u>5,369,374</u>	<u>5,503,132</u>	<u>5,502,452</u>	<u>5,633,749</u>
Total Operating Expenses	22,736,956	23,307,398	23,677,154	25,337,843	27,113,718
Operating Income	2,092,940	1,988,632	2,368,925	2,474,475	2,636,641
Non-Operating Revenues (Expenses):					
Line Maintenance Fees	88,538	254,930	544,743	751,943	815,978
Interest Income	43,927	60,256	39,630	30,659	33,872
Rent	12,403	12,887	8,957	2,179	2,904
Interest Expenses	<u>(2,023,105)</u>	<u>(1,991,102)</u>	<u>(1,393,389)</u>	<u>(1,272,890)</u>	<u>(1,253,341)</u>
Total	<u>(1,878,238)</u>	<u>(1,663,029)</u>	<u>(800,059)</u>	<u>(488,109)</u>	<u>(400,587)</u>
Income before Contributions	214,702	325,603	1,568,866	1,986,366	2,236,054
Capital Contributions	<u>762,232</u>	<u>1,677,562</u>	<u>3,095,368</u>	<u>3,954,969</u>	<u>6,654,417</u>
Change in Net Position	976,934	2,003,165	4,664,234	5,941,335	8,890,471
Total Net Position – Beginning Before Restatement	138,171,456	139,148,390	140,587,411	145,251,645	151,192,980
Restatement	<u>--</u>	<u>(564,144)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Position – Beginning After Restatement	<u>138,171,456</u>	<u>138,584,246</u>	<u>140,587,411</u>	<u>145,251,645</u>	<u>151,192,980</u>
Total Net Position – Ending	<u>\$139,148,390</u>	<u>\$140,587,411</u>	<u>\$145,251,645</u>	<u>\$151,192,980</u>	<u>\$160,083,451</u>

Summary of Assets, Liabilities and Net Position

The following table sets forth selected historical financial information of the System for the most recent five fiscal years. The historical financial information for the fiscal years ended June 30, 2012 to 2015 presented below has been derived from the County's audited financial statements for the respective years. The historical financial information for the fiscal year ended June 30, 2016 has been prepared by the County without audit. For more detailed information with respect to the fiscal year ended June 30, 2015, see Appendix F.

SUMMARY OF ASSETS, LIABILITIES AND NET POSITION

	2012 (Audited)	2013 (Audited)	2014 (Audited)	2015 (Audited)	2016 (Unaudited)
ASSETS					
Current Assets:					
Cash	\$10,511,335	\$16,173,513	\$17,045,707	\$18,492,246	\$14,240,673
Receivables	3,710,626	3,399,385	3,588,548	3,783,576	4,261,366
Due from component unit	--	105,995	--	--	--
Inventory	170,236	235,497	183,959	513,730	439,118
Restricted Assets:					
Cash	21,788,972	18,642,294	17,443,200	26,676,329	36,168,667
Investments	--	--	5,000,000	--	--
Total Current Assets	<u>36,181,169</u>	<u>38,556,684</u>	<u>43,261,414</u>	<u>49,465,881</u>	<u>55,109,824</u>
Noncurrent assets:					
Prepaid bond insurance	738,042	148,584	124,337	101,490	80,326
Capital Assets:					
Capital assets, not being depreciated	2,112,087	1,586,984	1,776,859	2,194,288	19,350,448
Capital assets, being depreciated	206,200,024	208,058,242	209,541,042	210,714,397	214,315,424
Less: Accumulated Depreciation	<u>(50,877,213)</u>	<u>(56,189,927)</u>	<u>(61,693,059)</u>	<u>(67,165,551)</u>	<u>(72,799,300)</u>
Total capital assets, net of accumulated depreciation	<u>157,434,898</u>	<u>153,455,299</u>	<u>149,614,842</u>	<u>145,743,134</u>	<u>160,866,573</u>
Total Assets	<u>194,354,109</u>	<u>192,160,567</u>	<u>193,000,593</u>	<u>195,310,505</u>	<u>216,056,723</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts from refunding	--	714,711	631,428	548,145	464,863
Total deferred outflows of resources	--	714,711	631,428	548,145	464,863
LIABILITIES					
Current Liabilities:					
Accounts Payable	1,173,940	1,102,179	1,125,732	1,255,118	1,293,454
Accrued Expenses	167,900	138,540	124,140	114,170	103,483
Construction Contracts Payable	47,931	30,000	30,000	30,000	30,000
Customer Deposits Payable	2,490,587	2,538,743	2,615,598	2,713,099	2,815,054
Due to Other Funds	201,481	40,434	55,943	361,915	130,405
Due to Component Unit	360,000	405,000	420,000	430,000	--
Unearned Revenue	926,016	911,276	929,286	917,697	963,430
Compensated Absences, current	238,922	249,132	262,766	259,342	364,804
Notes Payable, current	25,077	25,840	26,626	27,435	276,998
Revenue Bonds Payable	<u>3,130,000</u>	<u>3,285,000</u>	<u>3,455,000</u>	<u>3,570,000</u>	<u>4,110,000</u>
Total Current Liabilities	<u>8,761,854</u>	<u>8,726,144</u>	<u>9,045,091</u>	<u>9,678,776</u>	<u>10,087,627</u>
Long-Term Liabilities:					
Due to Component Unit	5,000,000	4,685,000	4,265,000	3,835,000	3,395,000
Compensated Absences	--	106,771	112,614	111,147	--
Notes Payable	614,592	588,752	562,127	534,691	16,412,797
Revenue Bonds Payable	<u>40,726,877</u>	<u>38,181,200</u>	<u>34,395,544</u>	<u>30,506,056</u>	<u>26,542,710</u>
Total Long-Term Liabilities	<u>46,443,865</u>	<u>43,561,723</u>	<u>39,335,285</u>	<u>34,986,894</u>	<u>46,350,507</u>
Total Liabilities	<u>55,205,719</u>	<u>52,287,867</u>	<u>48,380,376</u>	<u>44,665,670</u>	<u>56,438,134</u>
NET POSITION					
Net Investment in Capital Assets	107,593,384	106,969,218	107,091,973	107,358,097	113,936,955
Restricted:					
Debt Service	7,417,393	8,751,173	9,476,788	10,137,352	22,609,807
Capital Projects	10,683,486	8,821,815	6,860,227	15,495,840	10,811,699
Unrestricted	<u>13,454,127</u>	<u>16,015,205</u>	<u>21,822,657</u>	<u>18,201,691</u>	<u>12,724,990</u>
TOTAL NET POSITION	<u>\$139,148,390</u>	<u>\$140,587,411</u>	<u>\$145,251,645</u>	<u>\$151,192,980</u>	<u>\$160,083,451</u>

Operating Budget

The budget for the System is prepared annually each July by the Director of Water Systems for review by the Board. Historically, the Board adopts the budget for the System along with all other County budgets at the first regular Board meeting in August. Set forth below is the budget for the System for fiscal year ended June 30, 2017.

Operating Revenues:	
Charges for Water and Sewer Services	\$32,497,700
Operating Expenses:	
Salaries & Wages	2,748,400
Fringe Benefits	1,248,000
Operating Expenses	5,530,000
Cost of Water Purchased	12,400,000
Depreciation	<u>6,000,000</u>
Total Operating Expenses	<u>27,926,400</u>
Operating Income (Loss)	<u>4,571,300</u>
Net Income	<u>\$4,571,300</u>

Capital Improvement Program

In addition to the Reservoir Project, the County plans to make additional capital improvements to the System, which are embodied in the County's five year capital improvement plan, and which are summarized in the following table. For further information, please see the Engineering Report, and in particular, section 4 therein.

<u>Description</u>	<u>FY 2016</u> <u>Estimate</u>	<u>FY 2017</u> <u>Forecast</u>	<u>CY 2018</u> <u>Forecast</u>	<u>FY 2019</u> <u>Forecast</u>	<u>FY 2020</u> <u>Forecast</u>	<u>FY 2021</u> <u>Forecast</u>	<u>Total</u>
Type of Project							
Water Distribution	\$1,548,128	\$10,775,000	\$9,478,518	\$9,853,520	\$6,380,000	\$10,525,000	\$48,560,166
Sewer System	260,000	1,500,000	1,750,000	1,400,000	250,000	250,000	5,410,000
<i>Total Projects</i>	<u>1,808,128</u>	<u>12,275,000</u>	<u>11,228,518</u>	<u>11,253,520</u>	<u>6,630,000</u>	<u>10,775,000</u>	<u>53,970,166</u>
Funding Sources							
Cash-Funded (Reserves)	--	6,581,939	7,037,288	8,746,610	--	--	18,838,425
Cash Funded (Rates)	1,808,128	5,693,061	4,191,230	2,506,910	6,630,000	10,775,000	37,828,128
<i>Total Sources</i>	<u>\$1,808,128</u>	<u>\$12,275,000</u>	<u>\$11,228,518</u>	<u>\$11,253,520</u>	<u>\$6,630,000</u>	<u>\$10,775,000</u>	<u>\$39,628,128</u>

Insurance

The County carries property damage insurance with respect to the System. 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 with respect to the System.

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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, believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits that have been filed and of any actions or claims pending or threatened against the County or its officials in such capacity are adequately covered by insurance or sovereign immunity or will not have material adverse effect upon the financial position or results of operations of the County, including the System.

There is no litigation now pending or, to the knowledge of the County, threatened which restrains or enjoins the issuance or delivery of the Series 2016 Bonds, the use of Net Revenues 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, or existence of the County, nor the title of the present members or other officials of the County to their respective offices, is being contested or questioned.

Validation Proceedings

The County caused proceedings to be instituted in the Superior Court of Paulding County to validate the Series 2016 Bonds. The State of Georgia was the plaintiff in the proceeding, and the County was the defendant. A final judgment confirming the validation of the Series 2016 Bonds was issued on August 3, 2016.

Closing Certificates

The County will deliver to the Underwriter a certificate that no litigation is pending or threatened against it which would have a material effect on the issuance or validity of the Series 2016 Bonds or the use of the Net Revenues to pay the Series 2016 Bonds or on the financial condition of the County, including the System and that the information contained in this Official Statement does not contain any misrepresentation of a material fact and does not omit or state any material fact necessary to make the statements herein contained, in light of the circumstances under which they were made, not misleading.

TAX MATTERS

Federal Tax Matters

In the opinion of Butler Snow LLP, Atlanta, Georgia, Bond Counsel, under existing statutes, rulings and court decisions and under applicable regulations, 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; provided, however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

The opinion contains greater detail, and is subject to exceptions. See APPENDIX D attached hereto for the form of the opinion Bond Counsel proposes to deliver in connection with the issuance of 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 its opinion that the interest on the Series 2016 Bonds is excludable from gross income for federal income tax purposes, Bond Counsel will (i) rely as to questions of fact material to its opinion upon certificates and certified proceedings of public officials including officials of the City and representations of the City, without undertaking to verify the same by independent investigation and (ii) assume the continued compliance by the City with its covenants relating to the use of the proceeds of the Series 2016 Bonds and compliance with the requirements of the Code, including, but not limited to, the arbitrage requirements contained in Section 148 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 retroactive to the date of issuance of the Series 2016 Bonds.

Changes in Federal Tax Law

Proposed, pending or future tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of the interest on the Series 2016 Bonds subsequent to their issuance. Future legislation could directly or indirectly reduce or eliminate the value of certain deductions and exclusions, including the benefit of the exclusion of tax-exempt interest on the Bonds from gross income for federal income tax purposes. Any such proposed legislation, actions or decisions, whether or not enacted, taken or rendered, could also adversely affect the value and liquidity of the Series 2016 Bonds. In addition, regulatory actions from time to time are announced or proposal 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 opinion expressed by Bond Counsel is 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 any respect to any pending legislation, regulatory initiatives or litigation.

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.

Premium Bonds

The difference between the principal amount of the Series 2016 Bonds maturing on December 1, 2019 through and including December 1, 2037 (collectively, the “**Premium Bonds**”) and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Premium Bonds of the same maturity was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for Federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such Premium Bond in the initial offering to the public at the initial offering price is required to decrease such purchasers adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Premium Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

The foregoing is a general discussion of certain federal income tax consequences of original issue premium and does not purpose to deal with all tax questions that may be relevant to particular investors or circumstances. Holders of the Series 2016 Bonds should consult their own tax advisors with respect to the apportionment for federal income tax purposes of accrued tax-exempt interest upon a sale or exchange (including redemption) and with respect

to the state and local tax consequences of original issue premium.

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 “TAX MATTERS; - Original Issue Discount; and – Premium Bonds” was not intended or written to be used, and cannot be used, for purposes of avoiding taxpayer penalties. This discussion was written to support the promotion or marketing of the Series 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.

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MISCELLANEOUS

Ratings

Moody's Investors Service, Inc. and S&P Global Ratings, a division of Standard & Poor's Financial Services LLC have assigned ratings of "Aa3" and "AA", respectively, to the Series 2016 Bonds. The ratings reflect only the respective views of the rating agencies, and any desired explanation of the significance of each rating should be obtained from the rating agency furnishing such rating, at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Standard & Poor's Rating Services, 55 Water Street, New York, New York 10041 and Fitch Ratings, One State Street Plaza, New York, New York 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own. There is no assurance that either or both of such ratings will remain unchanged for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agency furnishing the same, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the liquidity and market price of the Series 2016 Bonds.

Sale at Competitive Bidding

Following a competitive public bidding process conducted pursuant to the Official Notice of Sale, dated September 6, 2016 (the "**Notice of Sale**"), the County has awarded the sale of the Bonds to Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "**Underwriter**"), and the Underwriter has agreed to purchase the Bonds at a purchase price of \$166,958,901.05 (composed of the original aggregate principal amount of the Bonds of \$158,360,000.00, plus original issue premium of \$9,346,360.25, less an Underwriter's discount of \$747,459.20). The Underwriter is committed to purchase all of the Bonds, if any Bonds are purchased. The obligation of the Underwriter to purchase the Bonds is subject to the terms and conditions set forth in the Notice of Sale. The Underwriter has advised the County that it intends to make a public offering of the Bonds at the prices set forth on the inside front cover page hereof. Such prices may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the offering prices stated on the cover page hereof. The Underwriter has no obligation to maintain a secondary market in the Bonds after the initial offering, and no guarantee or assurance can be made that such a market will develop or be maintained by the Underwriter or others.

Financial Advisor

The County has employed Raymond James & Associates, Inc., Atlanta, Georgia, as its Financial Advisor in connection with the issuance of the Bonds.

Independent Auditors

The financial statements of the County for the fiscal year ending June 30, 2015, included in **Appendix F – "AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR JUNE 30, 2015"** herein have been audited by Mauldin & Jenkins, LLC, certified public accountants, for the periods indicated in their report attached hereto, which audit report is dated December 19, 2015. Such financial statements have been included herein in reliance upon the report of Mauldin & Jenkins, LLC, given upon the authority of such firm as independent auditors.

All other financial information concerning the County contained in this Official Statement, including, without limitation, all financial information as of June 30, 2016 set forth herein, is unaudited information provided by the County, and the County's independent auditors do not express any opinion thereon.

Verification of Mathematical Computations

The arithmetical accuracy of certain computations included in the schedules provided by Raymond James & Associates, Inc. on behalf of the 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 restricted Escrow Obligations was examined by Barthe & Wahrman, P.A.. Such computations were based solely upon assumptions and information supplied by Raymond James & Associates, Inc. on behalf of the County. Barthe & Wahrman, P.A. 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.

Report of Consulting Engineer

The Engineering Report of the Consulting Engineer included as Appendix E to this Official Statement contains certain assumptions and forecasts. Actual results are likely to differ perhaps materially, from those forecasts. Accordingly, the forecasts contained in the Report of the Consulting Engineer are not necessarily indicative of true performance, and neither the Consulting Engineer nor the County assumes any responsibility for the failure to meet such forecasts. In addition, certain assumptions with respect to future business and financing decisions of the County are subject to change. If actual results are less favorable than the results forecast or if the assumptions used in preparing such forecasts prove to be incorrect, the amount of Net Revenues may be materially less than expected and consequently, the ability to make timely payments of the principal of and interest on the Bonds from Net Revenues may be adversely affected.

See "ENGINEERING REPORT" in Appendix E.

Additional Information

This Official Statement, including particularly the Engineering Report of the Consulting Engineer, contains statements relating to future results that are "forward-looking statements." When used in this Official Statement, the words "estimate," "anticipate," "intend," "expect," and similar expressions identify forward-looking statements. Such statements are subject to risk and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements.

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 Bonds.

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AUTHORIZATION OF OFFICIAL STATEMENT

The County has duly authorized the execution and delivery of this Official Statement as of the date shown on the cover page.

By: /s/David Austin
Chairman, Paulding County Board of Commissioners

APPENDIX A

SUMMARY OF BOND RESOLUTION

APPENDIX A
SUMMARY OF THE BOND RESOLUTION

General

The Paulding County Water Authority (the “**Authority**”) was created pursuant to an act of the General Assembly of the State of Georgia (Ga. Laws 1961, p. 2837, et seq.) (the “**Authority Act**”). The Authority has heretofore, by resolution duly adopted on July 28, 1976 (the “**1976 Resolution**”), issued and delivered \$1,450,000 principal amount of Water Revenue Bonds, Series 1976-A (the “**Series 1976-A Bonds**”) and \$1,115,000 principal amount of Water Revenue Bonds, Series 1976-B (the “**Series 1976-B Bonds**”), which Series 1976-A Bonds and Series 1976-B Bonds have been defeased and are no longer secured by a lien on the Net Revenues of the System. The 1976 Resolution authorized the issuance of additional parity bonds. Pursuant to an act of the General Assembly of the State of Georgia (Ga. Laws 1990, p. 4013, et seq.), the Authority Act was repealed in its entirety; the Authority was abolished; the County, acting by and through the Board of Commissioners was made the successor in interest to the Authority; the County succeeded to all rights and obligations of the Authority; title to all real and personal property of the Authority vested in the County; and the County assumed all monetary and other liabilities of the Authority. Thereafter, pursuant to and in accordance with the 1976 Resolution, the County issued the Series 1993 Bonds, the Series 2004 Bonds, the Series 2009 Bonds, the Series 2009A Bonds and the Series 2012 Bonds. The 1976 Resolution, together with the resolutions that authorized the Series 1993 Bonds, the Series 2004 Bonds, the Series 2009 Bonds, the Series 2009A Bonds, the Series 2012 Bonds and the Series 2016 Bonds, are collectively referred to herein as the “**Bond Resolution**”.

Definitions

“**Authenticating Agent**” shall mean Regions Bank, Atlanta, Georgia, in its capacity as authenticating agent with respect to the Bonds, and in the event the County shall appoint any successor Authenticating Agent, such successor Authenticating Agent.

“**Board**” shall mean the Paulding County Board of Commissioners.

“**Bonds**” shall mean, collectively, the Series 2009 Bonds, the Series 2009A Bonds, the Series 2012 Bonds and the Series 2016 Bonds.

“**Bond Registrar**” shall mean Regions Bank, Atlanta, Georgia, in its capacity as bond registrar for the Bonds, and in the event that the County shall appoint any successor Bond Registrar, such successor.

“**Costs of Issuance**” shall mean the reasonable and necessary costs and expenses incurred by the County with respect to the issuance of the Series 2016 Bonds, the Bond Resolution, and any transaction or event contemplated by the Bond Resolution, including fees and expenses of engineers, accountants, attorneys, placements agents, underwriters, and financial fees and expenses, advertising, recording, validation and printing expenses, premiums for municipal bond insurance, and all other expenses incurred in connection with the issuance of the Series 2016 Bonds.

“Construction Fund” shall mean the special fund designated “Paulding County Water and Sewerage Revenue Improvement and Refunding Bonds Construction Fund, Series 2016”

“Construction Fund Custodian” shall mean Regions Bank, Atlanta, Georgia, in its capacity as the Construction Fund Custodian, and in the event the County shall appoint a successor or additional Construction Fund Custodian, such successor or additional Construction Fund Custodian.

“County” shall mean Paulding County, Georgia.

“Financial Advisor” shall mean Raymond James & Associates, Inc., Atlanta, Georgia, or its successor in interest.

“Interest Payment Date” shall mean June 1 and December 1 of each year, commencing December 1, 2016.

“Outstanding Prior Parity Bonds” shall mean the Series 2009 Bonds, the Series 2009A Bonds, and the Series 2012 Bonds.

“Parity Bonds” shall mean any additional obligations payable from and secured by net revenues of the System and ranking on a parity as to lien on said net revenues with the Series 2016 Bonds.

“Paying Agent” shall mean Regions Bank, Atlanta, Georgia, in its capacity as Paying Agent for the Bonds, and in the event the County shall appoint a successor or additional Paying Agent, such successor or additional paying agent.

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

- (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.

“**Prior Resolutions**” shall mean, collectively, the 1976 Resolution, the 1993 Resolution, the 1996 Resolution, the 1999 Resolution, the 2004 Resolution, the 2009 Resolution, the 2009A Resolution, and the 2012 Resolution.

“**Project**” shall mean acquiring and constructing additions, extensions, and improvements to the System, including, without limitation, acquiring land for, and constructing and equipping, the new Richland Creek Reservoir in the County, and to pay expenses incident to accomplishing the foregoing.

“**Refunded Bonds**” shall mean all outstanding Series 2009 Bonds maturing on and after December 1, 2019 and a portion of the outstanding Series 2009A Bonds maturing on and after December 1, 2020.

“**Record Payment Date**” shall mean the fifteenth (15th) day of the calendar month preceding an Interest Payment Date.

“**Series 2016 Bonds**” shall mean the Paulding County, Georgia Water and Sewerage Revenue Improvement and Refunding Bonds, Series 2016 in the aggregate principal amount not to exceed \$215,000,000.

“**Supplemental Resolution**” shall mean the supplemental resolution adopted and approved by the Board, for and on behalf of the County, subsequent to the approval of the Bond Resolution, but prior to the issuance of the Series 2016 Bonds, under which the County will approve the final terms of the Series 2016 Bonds.

Funds

Revenue Fund. The County has heretofore created and is now maintaining a fund redesignated “Paulding County Water and Sewerage System Revenue Fund” (the “**Revenue Fund**”). All revenues arising from the operation of the System will be deposited into the Revenue Fund. Moneys on deposit in the Revenue Fund will be used to pay the reasonable and necessary expenses of operating and maintaining the System.

Sinking Fund. The County has heretofore created and is now maintaining a fund redesignated “Paulding County Water and Sewerage System Sinking Fund” (the “**Sinking Fund**”). The County has created and is now maintaining within the Sinking Fund accounts known as the “**Debt Service Account**” and the “**Reserve Account.**” Moneys in the Debt Service Account will be used for (i) the payment of the interest on the Bonds secured under the Bond Resolution as such interest falls due (ii) the payment of the principal of the Bonds at their respective maturities, and (iii) the redemption of Bonds before maturity. Moneys in the Reserve Account will be used to pay the principal and interest falling due in any year as to which there would otherwise be a default.

Renewal and Extension Fund. The County has created and is now maintaining a fund redesignated “Paulding County Water and Sewerage System Renewal and Extension Fund (the “**Renewal and Extension Fund**”). Moneys in the Renewal and Extension Fund will be used for the purpose of (i) alleviating or removing a major effect upon the System caused by an extraordinary occurrence, (ii) making replacements, additions, extensions and improvements deemed by the County to be reasonable and to be in the best interest of the County and the owners of the Bonds, (iii) payment of the charges of the Depository for investment services or (iv) paying the principal and interest on all of the Bonds then outstanding and falling due in any year as to which there would otherwise be a default.

Flow of Funds*

The revenues in the Revenue Fund shall be disposed of in the following manner:

(A) Pursuant to Section 3 of Article V of the 1976 Resolution, moneys in the Revenue Fund shall first be used to pay the reasonable and necessary costs of operating and maintaining the System, including salaries, wages, costs of material and supplies, rentals of leased property, insurance and such other charges as may properly be made for the purpose of operating and maintaining said System in accordance with sound business practice, but before making any provision for depreciation charges.

(B) The “net revenues” then remaining in the Revenue Fund after the payment of the sums required or permitted to be paid under the provisions of the preceding paragraph (A) of this Section were pledged pursuant to the 1976 Resolution and are hereby pledged to the payment of the principal of and the interest on the Outstanding Prior Parity Bonds, the Bonds and any additional parity bonds hereafter issued. Said net revenues shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act and the lien of this pledge shall be valid and binding on the County and against all parties having claims of any kind, in tort, contract or otherwise against the County or its governing body, irrespective of whether such parties have notice thereof.

(C) After the payments described in paragraph A above have been made, there shall next be paid from the Revenue Fund into the Debt Service Account the following sums:

(i) Until and including the month in which the Bonds are actually issued and delivered, there shall be paid into the Debt Service Account the monthly sums and amounts required to be paid under the provisions of the Prior Resolutions, to provide for the payment of the principal and interest installments on the Outstanding Prior Parity Bonds then outstanding as the same become due and payable.

(ii) Beginning on or before a date to be specified in the Supplemental Resolution, and continuing on or before the 20th day of each month thereafter, there shall be paid into the Debt Service Account a sum equal to one-sixth (1/6) of the next succeeding interest installment coming due on the Outstanding Prior Parity Bonds and the Bonds.

(iii) Beginning on or before a date to be specified in the Supplemental Resolution, and continuing on or before the 20th day of each month thereafter, there shall be paid into the Debt Service Account a sum equal to one-twelfth (1/12) of the annual installment of principal coming due (or the principal amount of Bonds required to be redeemed) on the Outstanding Prior Parity Bonds and the Bonds on the next succeeding December 1.

(iv) If the County shall fail to make any such monthly deposit as required under the preceding subparagraphs (i), (ii), or (iii), an amount equal to the deficiency shall be set apart and deposited in the Debt Service Account in the next ensuing month or months, which amount shall be in addition to the regular monthly deposit required during each succeeding month or months. The County's obligation to make the aforesaid monthly payments into the Debt Service Account shall abate to the extent that there are moneys in said account which, when added to the Sinking Fund payments to be made in succeeding months of the then current sinking fund year, will be sufficient to pay the annual principal and interest coming due on the next succeeding June 1 or December 1.

Notwithstanding anything in the Bond Resolution to the contrary, all amounts held in the Sinking Fund (regardless of which account or accounts said amounts are held) shall be for the equal and ratable benefit of all owners of the Outstanding Prior Parity Bonds and the Series 2016 Bonds, and any additional parity bonds heretofore or hereafter issued.

Moneys in the Debt Service Account shall be disbursed by the Sinking Fund Custodian for (a) the payment of the interest on the Bonds as such interest falls due, (b) the payment of the principal of the Bonds at their respective maturities, and (c) the redemption of Bonds before maturity at the price and under the conditions provided therefore in the Bond Resolution. The Sinking Fund Custodian shall wire immediately available funds to the Paying Agent at least two (2) business days in advance of each Interest Payment Date. The Paying Agent shall supply the Sinking Fund Custodian with written wire transfer instructions.

After making the payments required to be made to the Sinking Fund above, there shall next be made payments into the Reserve Account if any. The Reserve Account shall hereinafter

be maintained for the purpose and shall be used solely to pay the principal and interest falling due in any year as to which there otherwise would be a payment default.

The payments into the Reserve Account shall equal that amount which, paid monthly, will be sufficient to create and maintain in the Reserve Account within five (5) years an aggregate amount equal to the Reserve Requirement. If money is withdrawn from the Reserve Account for the payment of principal or interest, equal monthly payments into the Reserve Account shall be made from moneys in the Revenue Fund available and not required to be used for operation and maintenance charges and not required to make the monthly payments to the Sinking Fund in respect of principal and interest as hereinabove provided until the amount on deposit in the Reserve Account after payments of any amounts payable under the succeeding sentence, equals the then applicable Reserve Requirement; provided, however, such payments into the Reserve Account will in any event be at least sufficient to restore the Reserve Account to the Reserve Requirement within five (5) years from the date upon which money is taken from the Reserve Account.

At any time when the aggregate balance of the Reserve Account is less than the Reserve Requirement, all interest income derived from the investment of funds in the Reserve Account shall be retained in the Reserve Account until the aggregate balance in said Reserve Account equals the Reserve Requirement. Otherwise, said interest income shall be transferred to the Debt Service Account and credited against the next succeeding monthly payment into the Debt Service Account.

All said sums required to be paid in order to comply with the provisions of paragraph (C) above shall be paid on or before the twentieth (20th) day of the month in which the payment is due, and if, in any month, for any reason, the amounts herein required to be paid in such month shall not be paid in full, any deficiency shall be added to and shall become a part of the amount required to be paid in the next succeeding month.

(D) After there have been paid from the Revenue Fund in each month all amounts hereinabove required to be paid, there shall next be paid from the Revenue Fund the principal of and interest on the County's outstanding loans from the Georgia Environmental Facilities Authority.

(E) After there have been paid from the Revenue Fund in each month all amounts hereinabove required to be paid, all of the moneys remaining in the Revenue Fund in excess of \$10,000 shall be paid into the Renewal and Extension Fund. Expenditures shall be made from said the Renewal and Extension Fund only for the purpose of (a) an emergency having a major effect upon the System caused by some extraordinary occurrence which makes it necessary to use the funds of said System for the alleviation or removal of such effects and an insufficiency of money exists in the Revenue Fund to meet such emergency; (b) making replacements, additions, extensions and improvements and acquiring equipment deemed to be reasonable and to the best interest of the County and bondholders; (c) payment of the charges of the Depository for investment services; or (d) paying principal of and interest on all of the County's Outstanding Prior Parity Bonds, Series 2016 Bonds, or any additional parity bonds issued hereafter, then outstanding and due at any time for the payment of which money is not available in the special fund securing the payment of same and the interest thereon.

If bonds are issued ranking as to lien on the revenues of the System junior and subordinate to the lien securing the payment of the Outstanding Prior Parity Bonds and the Series 2016 Bonds and any issue or issues of parity bonds hereafter issued, then such payments into the Renewal and Extension Fund as provided herein may be suspended and such moneys shall be available to the extent necessary to pay the principal of and interest on such junior lien bonds and the creation and maintenance of a reasonable reserve therefor and the same may be allocated and pledged for that purpose.

Parity Bonds

The County may not issue revenue obligations payable from or secured by the revenues of the System unless the conditions hereinafter set forth shall be met, or unless the lien securing such obligations is junior and subordinate in all respects to the lien of the Bonds then outstanding.

(a) an independent certified public accountant (or firm thereof) shall, based upon an examination or review of the financial records of the System, render an opinion to the County that the payments required to be made into the Sinking Fund as required under the Bond Resolution, as the same may have been enlarged and extended in any proceeding authorizing the securing of any additional parity bonds, must be current and in the full amount required and each account of the Sinking Fund must be at its proper balance; and

(b) an independent certified public accountant (or firm thereof) shall, based upon an examination or review of the financial records of the System, render an opinion to the County that the net revenues of the System for the County's fiscal year immediately preceding the fiscal year in which such additional parity bonds are to be issued are at least equal to 120% of the average annual principal and interest requirements for the fiscal year in which such additional parity bonds are to be issued and all subsequent fiscal years on all bonds then outstanding and on the additional parity bonds proposed to be issued; or

(c) in the event that a new schedule of rates and charges for the services, facilities and commodities furnished by the System has been adopted and is in full effect, an independent certified public accountant (or firm thereof) shall, based upon an examination or review of the financial records of the System, render an opinion that if the new rate schedule had been in effect during the fiscal year immediately preceding the fiscal year in which additional parity bonds are to be issued, then the net revenues of the system would have been equal to at least 125% of the average annual principal and interest requirements for the fiscal year in which such additional parity bonds are to be issued and all subsequent fiscal years on all bonds then outstanding and on the additional parity bonds proposed to be issued; or

(d) (i) a consulting engineer shall render an opinion that, based on the current rates and charges for the services, facilities and commodities furnished by the System, the projected net revenues of the System for the first full Sinking Fund Year following the completion of the facilities to be financed by the proposed additional parity bonds will at least equal 130% of the average annual principal and interest requirements for the fiscal year in which such additional parity bonds are to be issued and all subsequent fiscal years and all bonds then outstanding and on the additional parity bonds proposed to be issued, and

(ii) the requirements of either (b) or (c) above shall be satisfied, except that in either case, the coverage requirements shall be 100%.

APPENDIX B

FORM OF DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This **CONTINUING DISCLOSURE CERTIFICATE** (this “**Disclosure Certificate**”) is dated as of September 1, 2016, shall be effective as of September 22, 2016 (the “**Effective Date**”), and is executed and delivered by Paulding County, Georgia (the “**Issuer**”) in connection with the issuance of \$158,360,000 in aggregate principal amount of Paulding County Water and Sewerage Revenue Improvement and Refunding Bonds, Series 2016 (the “**Series 2016 Bonds**”). The Issuer hereby covenants and agrees as follows:

SECTION 1. PURPOSE OF THE DISCLOSURE CERTIFICATE. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Beneficial Owners (as herein defined) of the Series 2016 Bonds and in order to assist the Participating Underwriter (as herein defined) in complying with the Rule (as herein defined).

SECTION 2. DEFINITIONS. In addition to the definitions set forth in the Bond Resolution (as herein defined), 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 Issuer pursuant to the Rule and this Disclosure Certificate.

“**Beneficial Owner or 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 Series 2016 Bonds (including persons holding the Series 2016 Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any of the Series 2016 Bonds for federal income tax purposes.

“**Bond Resolution**” shall mean collectively the resolution of the Paulding County Water Authority adopted on July 28, 1976, as supplemented by various resolutions of the Board of Commissioners of the Issuer, including a resolution adopted on July 12, 2016, as amended on July 25, 2016 and as supplemented on September 13, 2016, pursuant to which the Series 2016 Bonds were issued, and any amendments or supplements thereto.

“**Dissemination Agent**” shall mean any person(s) appointed from time to time by the Issuer to assist in carrying out its obligations under this Disclosure Certificate.

“**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 Issuer as its fiscal year for financial reporting purposes and shall initially mean the period beginning on July 1 of each calendar year and ending June 30 of the next calendar year.

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

“**MSRB**” shall mean the Municipal Securities Rulemaking Board, or any successor to its functions designated by the SEC for the purposes of the Rule. Currently, the MSRB's address is:

Municipal Securities Rulemaking Board
1300 I Street NW, Suite 1000
Washington, DC 20005
Attn: Disclosure

“**National Repository**” means each entity authorized and approved by the SEC for the purposes of the Rule. The National Repositories approved by the SEC may be found by visiting the SEC’s website at <http://www.sec.gov/info/municipal/nrmsir.htm>. As of the date hereof, the only National Repository recognized by the SEC for such purpose is the MSRB, which currently accepts continuing disclosure submissions through its EMMA web portal at <http://emma.msrb.org>.

“**Participating Underwriter**” shall mean Merrill Lynch, Pierce, Fenner & Smith Incorporated, or its successor in interest.

“**Rule**” shall mean Rule 15c2-12 (codified at 17 CFR § 240.15c2-12) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“**State**” shall mean the State of Georgia.

SECTION 3. PROVISION OF ANNUAL REPORTS.

(a) Not later than 180 days after the end of the Fiscal Year, commencing with Fiscal Year 2016, the Issuer shall provide, or cause the Dissemination Agent (if other than the Issuer) to provide, an Annual Report electronically to EMMA in the electronic format prescribed by the MSRB. 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 Issuer 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 Issuer 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 Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide an Annual Report by the date required in paragraph (a), the Dissemination Agent shall send a notice to EMMA in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall also:

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

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

SECTION 4. CONTENT OF ANNUAL REPORTS. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the Issuer, or if audited financial statements are not yet available, the unaudited financial statements of the Issuer, and when audited financial statements are available, the audited financial statements of the Issuer, 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) An update of the information in the Official Statement under the headings "THE SYSTEM - System Facilities," "SYSTEM - Rates, Fees and Charges," "THE SYSTEM - Customers," "SYSTEM FINANCIAL INFORMATION - Historical Debt Service Coverage," "SYSTEM FINANCIAL INFORMATION - Summary of Operating Results," "SYSTEM FINANCIAL INFORMATION - Summary of Assets, Liabilities and Net Position" and "SYSTEM FINANCIAL INFORMATION - Operating Budget."

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Issuer 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 Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. REPORTING OF SIGNIFICANT EVENTS.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events:

(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 Issuer.
- (xiii) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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.

(b) The Issuer 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 Listed Event with respect to the Series 2016 Bonds within ten business days of the occurrence of the Listed Event.

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

SECTION 6. TERMINATION OF REPORTING OBLIGATION. The Issuer'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 Series 2016 Bonds. The Issuer shall notify EMMA that the Issuer's obligations under this Disclosure Certificate have terminated. If the Issuer'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 Issuer, and the original Issuer shall have no further responsibility hereunder.

SECTION 7. DISSEMINATION AGENT. The Issuer may, from time to time, appoint a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate,

and the Issuer 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 Issuer shall be the dissemination agent. The initial Dissemination Agent shall be the Issuer.

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

In the event that this Disclosure Certificate is amended or any provision of the Disclosure Certificate is waived, the notice of a Listed Event pursuant to Section 5(a)(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 Issuer 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 Issuer 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 Issuer 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 Issuer 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 Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Bond Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of any party to comply with this Disclosure Certificate shall be an action to compel performance. The cost to the Issuer 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 Issuer 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 Issuer), 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 Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2016 Bonds.

SECTION 12. BENEFICIARIES. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriter, and Beneficial Owners from time to time of the Series 2016 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 promptly for all such reasonable expenses and any other reasonable expense incurred hereunder (including, but not limited to, attorney's fees).

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

SECTION 15. GOVERNING LAW. This Disclosure Certificate shall be governed by and construed in accordance with the laws of the State.

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

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Issuer has caused this Disclosure Certificate to be executed and attested by its duly authorized officers and the County Seal to be hereunto affixed as of the Effective Date set forth hereinabove.

PAULDING COUNTY, GEORGIA

(SEAL)

By: _____
Chairman

Attest:

Deputy Clerk

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Paulding County, Georgia

Name of Bond Issue: \$158,360,000 Paulding County Georgia Water and Sewerage Revenue Improvement and Refunding Bonds Series 2016

CUSIP Number¹: _____

Date of Issuance: September 22, 2016

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report due with respect to the above-named Bonds as required by its Disclosure Certificate, dated September 22, 2016. The Issuer 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: _____

PAULDING 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.

EXHIBIT B

NOTICE OF THE OCCURRENCE OF [INSERT THE LISTED EVENT]

Relating to

**\$158,360,000 PAULDING COUNTY, GEORGIA
WATER AND SEWERAGE REVENUE REFUNDING BONDS
SERIES 2016
CUSIP NUMBERS:¹**

Notice is hereby given that [insert the Listed Event] has occurred. [Describe circumstances leading up to the event, action being taken and anticipated impact.]

This notice is based on the best information available at the time of dissemination and is not guaranteed as to accuracy or completeness. Any questions regarding this notice should be directed to [insert instructions for presenting securities, if applicable].

[Notice of the Listed Events described in Section 5(a)(ix) shall include the following:

The Issuer hereby expressly reserves the right to redeem such refunded or defeased bonds prior to their stated maturity date in accordance with the optional/extraordinary redemption provisions of said defeased bonds.

OR

The Issuer hereby covenants not to exercise any optional redemption provisions under the Bond Resolution; however, the sinking fund provision will survive the defeasance.

AND

The Series 2016 Bonds have been defeased to [maturity/the first call date, which is _____]. This notice does not constitute a notice of redemption and no bonds should be delivered to the Issuer or the Paying Agent as a result of this mailing. A Notice of Redemption instructing you where to submit your bonds for payment will be mailed _____ to _____ days prior to the redemption date.]

Dated: _____

PAULDING COUNTY, GEORGIA

By: _____
Chairman

32514716v2

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 C

CERTAIN INFORMATION REGARDING PAULDING COUNTY

PAULDING COUNTY GENERAL INFORMATION

The information contained in this section is included only for purposes of supplying general information regarding the County as of August 1, 2016 (unless another date is specified herein). The Series 2016 Bonds are payable solely from the sources described in this Official Statement under the Section entitled "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 Bonds." The Series 2016 Bonds shall not be deemed to constitute a debt of the County or a pledge of the faith and credit thereof, nor shall the County be subject to any pecuniary liability thereon. The Series 2016 Bonds are limited obligations of the County and are payable solely from the Net Revenues of the System and amounts on deposit in the funds and accounts held under the Bond Resolution. The Series 2016 Bonds do not constitute a charge, lien or encumbrance upon any other property of the County. No owner of a Series 2016 Bond shall ever have the right to compel the exercise of the taxing power of the County to pay the same, nor shall the Series 2016 Bonds constitute a charge, lien or encumbrance, legal or equitable, upon any other property of the County.

Introduction

The County is a political subdivision of the State of Georgia created by the Constitution of the State of Georgia in 1832. The County encompasses 319 square miles and, in addition to Dallas, includes the municipalities of Braswell and Hiram. The City of Dallas is the County seat. Dallas is located approximately thirty miles west of the City of Atlanta.

Form of Government and County Officials

The County is governed by, and generally acts through, the Board, which consists of five members, each of whom is elected at large. The members of the Board serve staggered four-year terms. The Board Chairman is responsible for the daily operations of County functions and for management of the annual operating budget, all in accordance with the policies of the Board. Information concerning the current members of the Board is set forth below:

<u>Name</u>	<u>Principal Occupation</u>	<u>Expiration of Term of Office</u>
David Austin	Commission Chairman	December 31, 2016 ⁽¹⁾
Ron Davis	Technology Professional	December 31, 2016
Todd Pownall	Real Estate	December 31, 2018
Vernon Collett	Financial Retirement Advisor	December 31, 2018
Tony Crowe	Business Owner, Construction	December 31, 2018

⁽¹⁾ Current Board Chairman David Austin has not sought reelection. Accordingly, upon the expiration of his term of office a new Board Chairman will replace him.

The County Finance Director is responsible for, among other things, providing reasonable assurance regarding the reliability of financial records for preparing financial statements and maintaining accountability for assets. The responsibilities of the Finance Department include budget preparation; cash, fixed asset, and grant management; purchasing; and risk and insurance. Budgetary control is maintained at the department level by the encumbrance of estimated purchase amounts before the release of purchase orders to vendors. The current Finance Director, who serves at the pleasure of the Board, is Tabitha Pollard.

Services

The County provides a full range of services to its citizens, including public safety; emergency medical assistance; parks and recreational activities; the construction and maintenance of highways, streets, and other infrastructure; and water supply and sewage treatment. With the exception of water and sewerage services, which are paid by user charges, all such services are funded primarily by tax revenues.

Employees, Employee Relations, and Labor Organizations

The County currently employs approximately 845 full-time and 88 part-time persons in all departments of government. No employees of the County are represented by labor organizations or are covered by collective bargaining agreements, and the County is not aware of any union organizing efforts at the present time.

The County is insured by Blue Cross / Blue Shield for employee medical benefits. The County maintains a specific stop loss coverage in the amount of \$100,000 per covered individual to reduce the exposure from catastrophic claims. A third party administrator is employed to process claims for the employee medical benefits program.

County employees accrue two days per month of sick leave, with the maximum accumulation not to exceed 60 days; provided that the maximum length of any vacation may not exceed 35 days.

Retirement and Pension Matters

County employees are covered under a non-contributory defined benefit and a contributory defined contribution retirement plan. These matters are discussed in significant detail in the County’s audited financial statements attached hereto as Appendix F, including required contribution rates, benefits, and actuarial methods used to calculated retirement commitments. See specifically Notes 8 (defined benefit plan discussion), 9 (defined contribution plan discussion), and 13 (transition to GASB 68 discussion) and the Schedule of Changes in the County’s Net Pension Liability and Related Ratios for the Year Ended June 30, 2015 and the Schedule of County Contributions for the Year Ended June 30, 2015 included in the Required Supplementary Information to the County’s audited financial statements attached hereto.

In addition to the information described above, please note that the County’s annual required contribution to the County’s defined benefit plan is borne by the County’s general fund. Accordingly, no part of the County’s annual defined benefit contribution is borne by the System’s Revenue Fund.

Population

The population of the County and the State of Georgia, for the decennial census years 1980 - 2010 and estimates for the year 2015 are shown below:

<u>Year</u>	<u>County</u>	<u>Georgia</u>
2015*	152,238	10,214,860
2010	142,324	9,687,653
2000	81,678	8,186,453
1990	41,611	6,478,216
1980	26,110	5,463,105

* As of July 1, 2015
Source: U.S. Department of Commerce, Bureau of the Census.

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Per Capita Income

The following chart sets forth the per capita income for the County, the State of Georgia and the United States for the years 2010 through 2014.

<u>Year</u>	<u>County</u>	<u>Georgia</u>	<u>United States</u>
2014	\$31,713	\$39,980	\$46,049
2013	30,368	37,596	44,438
2012	29,983	37,254	44,266
2011	29,356	36,588	42,453
2010	28,034	34,487	40,277

Source: U.S. Bureau of Economic Analysis.

Median Home Values

The following table shows the median home value in the County, the State of Georgia and the United States for the census years 1970 through 2010, and 2014.

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2014*	\$131,800	\$148,000	\$175,700
2010	149,600	161,400	188,400
2000	106,100	111,200	119,600
1990	68,500	71,300	79,100
1980	34,300	36,900	47,200
1970	11,300	14,600	17,000

Source: U.S. Census Bureau.

* American Community Survey, 5-Year Estimates

Largest Employers

Set forth below are the ten largest employers located in Paulding County for the year ended June 30, 2015, their industries and their approximate number of employees. There can be no assurance that any employer listed below will continue to be located in Paulding 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>
WellStar Health System Inc	Healthcare	3,789
Paulding County School District	Education	3,295
Wal-Mart Associates Inc.	Retail Sales	1,715
Paulding County	Government	845
The Kroger Company	Retail Sales	671
Publix Super Markets Inc.	Retail Sales	207
Metromont Press	Concrete Blocks/Bricks	200
Learning Bridge	Education	176
The Home Depot	Retail Sales	155
Waffle House	Restaurant	150

Source: Georgia Department of Labor.

* Estimates

Labor Statistics

Set forth below is the labor force for the County for the past five available calendar years and preliminary for 2016.

<u>Year</u>	<u>Labor Force</u>
2016*	77,149
2015	75,712
2014	74,843
2013	74,581
2012	74,483

Source: Georgia Department of Labor.
*Preliminary, May 2016

The following table reflects the unemployment rates in the County, in the State of Georgia and in the United States for the years 2011 through 2015.

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Paulding County	9.5%	8.3%	7.2%	6.1%	5.1%
State of Georgia	10.2	9.2	8.2	7.1	5.9
United States	8.9	8.1	7.4	6.2	5.3

Source: Georgia Department of Labor.

Building Permits

Set forth below are the numbers of residential and commercial building permits issued by the County for the years 2011 through 2015.

<u>Year</u>	<u>Single Family Residential</u>		<u>Multi-Family Residential</u>		<u>Total</u>	
	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>
2015	981	\$108,947,996	0	0	981	\$108,947,996
2014	930	100,139,939	0	0	930	100,139,939
2013	543	63,773,452	1	\$12,229,349	544	76,002,801
2012	213	28,374,576	0	0	213	28,374,576
2011	187	27,411,296	0	0	187	27,411,296

Source: U.S. Bureau of the Census

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Industry Mix

The following table shows the industry mix for the County for 2015, the most recent information available. The table is intended to provide information regarding the types of industries employing residents in the County and the compensation paid to those employees. The tables do not provide information with respect to all industries and firms.

<u>Industry</u>	<u>Number of Firms</u>	<u>Average Monthly Employment</u>	<u>Average Weekly Wages</u>
Agriculture, forestry and fishing	7	**	**
Mining, quarrying, oil and gas extraction	2	**	**
Construction	371	1,949	864
Manufacturing	58	913	951
Utilities	2	**	**
Wholesale Trade	107	465	1,133
Retail Trade	255	4,100	490
Transportation and warehousing	77	240	742
Information	26	192	661
Finance and Insurance	83	321	822
Real Estate, rental and leasing	63	231	1,403
Professional, scientific and technical services	205	570	928
Management of companies and enterprises	8	**	**
Administrative, support, waste management	161	1,266	542
Educational services	20	101	402
Health Care and social assistance	142	2,201	753
Arts, entertainment and recreation	23	177	251
Accommodation and food services	149	3,323	276
Other services	135	524	621
Unclassified	143	126	998
Federal Government	6	121	1,139
State Government	15	220	640
Local Government	<u>41</u>	<u>4,611</u>	<u>771</u>
ALL INDUSTRIES	2,099	21,735	\$654

** Denotes confidential data relating to individual employers and cannot be released.
Source: Georgia Department of Labor.

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Banking Deposits

The following table shows the number of banking institutions and banking deposits in the County for the fiscal years ending 2011 through 2015.

<u>Banking Deposits</u>		
<u>Year</u>	<u>Institutions</u>	<u>Total Deposits as of June 30 (in thousands)</u>
2015	13	\$939,000
2014	13	899,000
2013	13	931,000
2012	13	916,000
2011	14	938,000

Source: Federal Deposit Insurance Corporation.

Other Information Concerning the County

Wellstar Paulding Hospital opened a new 295,000 square foot \$135 million facility in 2014. The new facility included a total of eight floors, two of which were shelled-in for future expansion. The hospital has exceeded original projections in serving patients and is expanding its capacity ahead of schedule. Building out for the approximately 50,000 square feet sixth and seventh floors of the hospital will bring the facility's beds from 56 to 112 and is slated for completion in the later part of 2016.

The County has a 183-bed nursing home, a mental retardation center, and a county health department.

The County currently has 34 public schools including 19 elementary, 9 middle, 5 high schools and 1 alternative school, which as of March 2016, employed approximately 3,372 teachers and enrolling 28,722 students. There also are a number of schools of higher education within close proximity, including Chattahoochee Technical College of Marietta, Paulding Campus, in Dallas, Georgia; Kennesaw State University, Paulding Campus, in Dallas, Georgia Atlanta Metropolitan College, a Junior College, Georgia Perimeter College, Georgia State University, Georgia Institute of Technology, Emory University, Clark Atlanta University, Morehouse College, Spellman College, Agnes Scott University, and Oglethorpe University, all in Atlanta (30 miles); Kennesaw State University in Kennesaw (23 miles); State University of West Georgia in Carrollton (30 miles).

The County's recreational facilities include parks, tennis courts, a golf course, and three country clubs. Picketts Mill State Park offers a preserved historic Civil War site within the County's boundaries. Additionally, the Silver Comet Trail, a 37-mile non-motorized recreational trail funded by the PATH Foundation, runs through the County. The County has purchased 166 acres of land in the Union area for the County's fifth multipurpose park, which is currently in the design phase. Today, over 29,000 acres of land in the western portion of the County are permanently conserved for open space, wildlife, and recreation. The rare forest ecosystem provides critical habitat for many wildlife species, including threatened and endangered species. These areas remain available to hunters, hikers, fishermen, bird watchers, and other outdoor enthusiasts.

The County is served indirectly by three interstate highways (I-20, I-285, and I-75), the Norfolk Southern, Austell Intermodal Terminal and currently 19 inter/intra-state motor freight carriers. Additionally, the County is nearing completion of a 7 mile loop around Hiram, providing an alternate to SR 92. East Hiram Parkway opened in early 2014. Construction of the West Hiram Parkway (two lanes) was completed in 2005. Widening of the same West Hiram Parkway to four lanes will be completed by October 2016. The loop around Hiram is now named Bill Carruth Parkway. Norfolk Southern provides regular rail service locally out of Dallas, and CSX provides piggyback service out of Atlanta.

The Paulding Northwest Atlanta Airport (the "Airport") opened for aircraft operations in November 2008,

and is located on a 650-acre campus with 110 acres of adjacent commercial and industrial land, six miles west of Dallas. The Airport runway, taxiway, and certain hangers have recently been improved.

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PAULDING 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. The Board typically adopts the budget at the first regular Board meeting in August. A financial reporting system which provides timely and accurate reporting of revenues and expenses is used by the County. See Appendix F for a description of the accounting policies.

Ad Valorem Taxation Generally

An important source of revenue to fund the operations of the County is ad valorem property taxes. Ad valorem property taxes accounted for an annual average of approximately 40% of the County's general fund revenues for the past five fiscal years. Ad valorem property taxes are levied annually in mills (one tenth of one percent) upon each dollar of assessed property value.

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 valuation, which represents the value upon which ad valorem property taxes are levied, is calculated as a percentage of fair market value. Georgia law requires taxable tangible property to be assessed, with certain exceptions, at 40% of its fair market value and to be taxed on a levy made by each respective tax jurisdiction according to 40% of the property's fair market value. Georgia law requires certain agricultural real property to be assessed for ad valorem property tax purposes at 75% 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 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 Board annually levies the ad valorem property taxes for the County.

AD VALOREM TAX LEVIES AND COLLECTIONS

Fiscal Year Ending <u>June 30</u>	Total <u>Tax Levy</u>	Current Tax <u>Collection</u>	Percent of Levy <u>Collected</u>	Collection in Subsequent <u>Years</u>	Total Tax <u>Collections</u>	Total Collections as Percent of <u>Current Levy</u>
2016	\$39,689,214	\$39,032,168	98.34%	\$--	\$39,032,168	98.34%
2015	37,024,551	36,426,765	98.39	348,658	36,775,423	99.34
2014	34,080,208	33,383,040	97.95	410,315	33,793,355	99.16
2013	33,377,150	32,582,693	97.62	641,405	33,224,098	99.54
2012	31,632,338	30,571,901	96.65	956,882	31,528,783	99.67

Source: Paulding County Tax Commissioner.

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.

ASSESSED VALUE OF PROPERTY⁽¹⁾
(in thousands)

<u>Calendar Year</u>	<u>Real Property</u>	<u>Privately Owned Public Utilities</u>	<u>Personal and Business</u>	<u>Gross Tax Digest</u>	<u>Estimated Actual Taxable Value</u>
2015	\$2,965,322	\$107,620	\$692,974	\$3,765,916	\$9,414,790
2014	2,545,886	103,722	768,704	3,418,312	8,545,780
2013	2,159,641	88,138	806,351	3,054,131	7,635,326
2012	2,139,438	88,174	784,480	3,012,091	7,530,228
2011	2,401,829	88,174	782,267	3,272,271	8,180,677

Source: Paulding County Tax Assessors.

⁽¹⁾ A regular \$2,000 Homestead Exemption is allowed on all owner-occupied homes except for purposes of bond tax levies. A special \$4,000 Homestead Exemption (for all State and County ad valorem taxes) is allowed on owner-occupied residences of persons who meet age and income requirements. A special \$10,000 Homestead Exemption is allowed on owner-occupied residences of persons who meet age and income requirements. This exemption applies to all Paulding County school ad valorem taxes except to pay interest on and retire bond indebtedness. Other special exemptions apply as to school ad valorem taxes based on age and income levels which entitle the taxpayer to credits of 50% to 100% of the tax due.

Tax Rates – Mills. The following table sets forth the various tax rates per \$1,000 of assessed valued levied by the State of Georgia, Paulding County, the Paulding County School District, and the cities within Paulding County for calendar years 2011 through 2015:

<u>MILLAGE RATES BY CATEGORY:</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
State of Georgia	0.25	0.20	0.15	0.10	0.05
Paulding County ⁽¹⁾	11.47	13.44	13.54	12.57	13.06
Paulding County School District ⁽¹⁾	18.91	18.91	18.88	18.88	18.88
City of Dallas	3.79	4.17	4.17	4.17	4.17
City of Braswell	5.00	5.00	5.00	5.00	5.00
 <u>TOTAL COMBINED MILLAGE RATES:</u>					
Paulding County	31.59	28.629	32.570	32.550	31.985
City of Braswell	36.59	33.629	37.570	37.550	36.985
City of Dallas	35.38	32.31	36.740	36.720	36.155

Source: Georgia Department of Revenue.

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.

Ten Largest Taxpayers. Set forth below are the ten largest taxpayers of the County for the fiscal year ended June 30, 2015. No independent investigation has been made of, and consequently no representation can be made, as of 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>Percent of Total Tax Levy⁽¹⁾</u>
Greystone Power Corp.	Public Utility	\$451,798	1.22%
WellStar Health System	Healthcare	372,166	1.01
Georgia Transmission Corp.	Electric	260,855	0.70
IA Hiram Smith L.L.C.	Real Estate	164,607	0.44
Norfolk Southern	Railroad	135,551	0.37
City of Atlanta	City Govt./Real Estate	124,490	0.34
BellSouth Telecommunications	Public Utility	120,507	0.33
Georgia Power Company	Electric	120,027	0.32
Walmart Real Estate	Retail/Real Estate	109,331	0.30
Jones Co. Ltd.	Timber and Real Estate	<u>105,584</u>	<u>0.29</u>
TOTAL		\$1,964,916	5.32%

Source: Paulding County Tax Commissioner.
⁽¹⁾ As compared to total property tax levy for 2015.

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, effective April 1, 1979. 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 85.4% of the net revenues generated by collections of the tax in the County, and the cities of Dallas and Hiram receive 10.6% and 4%, respectively.

The Act requires a dollar for dollar rollback to offset budgeted ad valorem property taxes in future years. During the fiscal years 2011 through 2015, the County received the following Local Option Sales Tax revenues.

<u>Fiscal Year</u>	<u>Collections</u>
2015	\$12,619,147
2014	12,040,859
2013	12,461,302
2012	12,469,626
2011	11,812,968

Source: Georgia Department of Revenue.

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 assessed values of the various categories for ad valorem property tax purposes.

CATEGORIES OF LAND BY USE

<u>Year</u>	<u>Residential</u>	<u>Agricultural</u>	<u>Commercial</u>	<u>Utilities</u>	<u>Industrial</u>	<u>Other⁽¹⁾</u>
2015	79%	4%	12%	3%	1%	1%
2014	76%	5%	14%	3%	2%	<1%
2013	74%	6%	15%	3%	2%	<1%
2012	74%	6%	15%	3%	2%	<1%
2011	76%	5%	14%	3%	2%	<1%

Source: Paulding County Tax Commissioner.

⁽¹⁾ Includes Preferential and Conservation Use.

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. The law made several changes to existing tax laws that will affect local governments including:

Title Ad Valorem 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.

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.

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.

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.

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 of 2015.

On May 4, 2015, the Governor of Georgia signed into law House Bill 170 (the “**Transportation Funding Act**”), which became effective July 1, 2015. The law eliminated the then 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, special purpose local option sales tax, sales tax for educational purposes, homestead option sales tax, and municipal optional sales tax, if any, at the current 1% rate on the sale of motor fuel. However, if the retail price of motor fuel rises above \$3.00 per gallon, any increase above \$3.00 will not be subject to such 1% rate of tax. At this time, it is uncertain if the Transportation Funding Act will have an adverse impact on tax revenues of the County.

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Government Revenues by Sources

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

<u>Year</u>	<u>Taxes¹</u>	<u>Contributions</u>	<u>Licenses & Permits</u>	<u>Intergovt'l</u>	<u>Charges for Services</u>	<u>Fines & Forfeitures</u>	<u>Interest</u>	<u>Miscellaneous</u>	<u>Total</u>
2015	\$50,565,378	\$91,297	\$792,770	\$1,898,790	\$5,647,506	\$1,086,105	\$37,899	\$381,653	\$60,501,398
2014	49,142,638	89,895	649,899	1,658,763	5,201,582	1,163,598	20,906	349,094	58,321,375
2013	47,278,201	334,672	583,840	2,934,826	5,098,950	1,369,447	9,638	433,835	58,043,409
2012	45,899,585	194,037	401,286	2,947,131	4,677,576	1,451,397	41,437	384,457	55,996,906
2011	45,036,966	289,455	396,477	2,592,767	5,167,506	1,497,847	53,539	312,028	55,346,585

Source: The County's Comprehensive Annual Financial Report for fiscal years ended June 30, 2011 through June 30, 2015 and the Paulding County Finance Department.

¹Consisting of property taxes, insurance premium tax, franchise tax, and local option sales tax.

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APPENDIX D

FORM OF BOND COUNSEL OPINION

September __, 2016

Paulding County, Georgia
Dallas, Georgia

RE: \$158,360,000 Paulding County, Georgia Water and Sewerage Revenue Improvement and Refunding Revenue Bonds, Series 2016

To the Addressees:

We have acted as Bond Counsel to our client, Paulding County, Georgia (the “**County**”), in connection with the issuance by the County of \$158,360,000 in aggregate principal amount of PAULDING COUNTY, GEORGIA WATER AND SEWERAGE REVENUE IMPROVEMENT AND REFUNDING REVENUE BONDS, SERIES 2016, dated September 22, 2016 (the “**Series 2016 Bonds**”). In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

The Series 2016 Bonds are issued pursuant to and in accordance with the Constitution and laws of the State of Georgia, including but not limited to the Revenue Bond Law (O.C.G.A. Section 36-82-60 et seq., as amended), a resolution of governing body of the Paulding County Water Authority adopted on July 28, 1976, as supplemented by various resolutions of the Board of Commissioners of the County (the “**Board**”), including a resolution adopted on July 12, 2016, as amended by a resolution adopted on July 25, 2016, and as supplemented by a resolution adopted on September 13, 2016 (collectively, the “**Resolutions**”). Under the Resolutions, the County has pledged certain Net Revenues of the System (each as defined in the Resolutions) for the payment of the principal of, premium (if any), and interest on the Series 2016 Bonds when due. All capitalized terms used herein but not defined shall have the meanings ascribed thereto in the Resolutions.

The Series 2016 Bonds are being issued for the purpose of (i) advance refunding all outstanding Paulding County Water and Sewerage Revenue Bonds, Series 2009 maturing on and after December 1, 2019 and a portion of the outstanding Paulding County Water and Sewerage Revenue Refunding Bonds, Series 2009A maturing on and after December 1, 2020 (collectively, the “**Refunded Bonds**”), (ii) providing funds to pay or be applied toward the cost of acquiring and constructing additions, extensions, and improvements to the System, including, without limitation, acquiring land for, and constructing and equipping the new Richland Creek Reservoir in the County, and to pay expenses incident to accomplishing the foregoing, and (iii) paying the costs of issuance of the Series 2016 Bonds.

In rendering our opinions set forth below, we have (a) relied as to questions of fact material to our opinions, without undertaking to verify the same by independent investigation, upon certified proceedings, certifications, representations and covenants of public officials and representatives of the County and others furnished to us, including, without limitation,

representations and covenants as to the use and investment of the proceeds of the Series 2016 Bonds and the Refunded Bonds and the use and operation of the Project, and (b) assumed continuous compliance by the County with its representations and covenants contained in the Resolutions and the related financing documents. The County has covenanted to comply with all applicable requirements of the Resolutions and the related financing documents, and we have assumed full and continuous compliance with such covenants. In addition, we have relied upon certain opinions of the counsel to the County, including, without limitation, with respect to the due authorization, execution, delivery and enforceability of the Series 2016 Bonds, the Resolutions and the related financing documents.

Based upon the foregoing and subject to the qualifications that follow, it is our opinion as Bond Counsel that, under existing law on the date hereof:

1. The Series 2016 Bonds have been duly authorized and executed by the County and are valid and binding limited obligations of the County, payable solely from the Net Revenues and other funds and accounts provided therefor in the Resolutions.

2. The Resolutions have been duly adopted by the County and constitute a valid and binding obligation of the County enforceable against the County. The Resolutions create a valid lien on the Net Revenues and other funds and accounts pledged by the Resolutions for the security of the Series 2016 Bonds on a parity with the Outstanding Prior Parity Bonds and any additional parity bonds to be issued under the Resolutions.

3. Interest on the Series 2016 Bonds is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the “**Tax Code**”), and interest on the Series 2016 Bonds is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the adjusted current earnings adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. The opinion set forth in the preceding sentence is subject to the condition that the County comply with all requirements of the Tax Code that must be satisfied subsequent to the issuance of the Series 2016 Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The County has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Series 2016 Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2016 Bonds.

4. Interest on the Series 2016 Bonds is exempt from present State of Georgia personal income taxes.

The opinions expressed in this opinion letter are subject to the following:

The rights of the owners of the Series 2016 Bonds and the enforceability of the Series 2016

Bonds and the Resolutions are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, and by the exercise of judicial discretion.

In this opinion letter issued in our capacity as Bond Counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy or completeness of statements made in connection with any offer or sale of the Series 2016 Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Series 2016 Bonds, except those specifically addressed herein or upon any federal or state law with respect to the sale or distribution of the Series 2016 Bonds. Further, we express no opinion herein regarding the perfection or priority of the lien on Net Revenues or other funds or accounts created by the Resolutions. We note that, unless perfected, the lien on Net Revenues may not be effective.

In rendering this opinion letter, we have acted as Bond Counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Series 2016 Bonds under the laws of the State of Georgia and with respect to the excludability of the interest on the Series 2016 Bonds from federal and State of Georgia income taxation.

This opinion letter is an expression of professional judgment regarding the matters expressly addressed herein. It is neither a guarantee of result nor an insurance policy with respect to the transaction or the future actions or performance of any party or entity. Our services have not included any financial or other non-legal advice. We express no opinion other than as herein expressly stated in this letter, and no expansion of our opinion may be made by implication or otherwise. The opinions herein are given as of the date hereof and are based upon statutes, regulations, rulings and court decisions in effect on the date hereof and not as of any future date. It should be noted that material changes regarding matters of fact and applicable law may hereafter occur. We expressly disclaim any undertaking or responsibility to review, revise, update or supplement this opinion letter subsequent to its date for any reason or to advise you of any change in the law, whether by reason of legislative or regulatory action, by judicial decision or otherwise, or of any change of facts or circumstances or of any facts or circumstances that may hereafter come to our attention or for any other reason.

Very truly yours,

APPENDIX E

ENGINEERING REPORT

ENGINEERING REPORT AND FINANCIAL FEASIBILITY EVALUATION IN
SUPPORT OF PROPOSED WATER AND SEWERAGE REVENUE BONDS,
SERIES 2016

Prepared for
Paulding County
Water and Sewer Utility Systems
Paulding County, Georgia

Preliminary Official Statement
August 16, 2016

ENGINEERING REPORT AND FINANCIAL FEASIBILITY EVALUATION IN SUPPORT OF PROPOSED WATER AND SEWERAGE REVENUE BONDS, SERIES 2016

Prepared for
Paulding County
Water and Sewer Utility Systems
Paulding County, Georgia

Seal:



Kelly Comstock, P.E.
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List of Abbreviations

ADD	Average Daily Demand	RCR	Richland Creek Reservoir
ARC	Atlanta Regional Commission	TDH	Total Dynamic Head
BPS	Booster Pump Station	TOC	Total Organic Carbon
CCMWA	Cobb County-Marietta Water Authority	VFD	Variable Frequency Drive
CCWS	Cobb County Water System	WRF	Water Reclamation Facility
CIP	Capital Improvements Plan	WTP	Water Treatment Plant
CMAR	Construction Manager at Risk	yr	Years
DIP	Ductile Iron Pipe		
DMA	District Metered Areas		
EPD	Georgia Department of Natural Resources Environmental Protection Division		
ft	Feet		
FY	Fiscal Year		
GAC	Granular Activated Carbon		
gpd	Gallons per Day		
GDOT	Georgia Department of Transportation		
gpm	Gallons per Minute		
HGL	Hydraulic Grade Line		
hp	Horsepower		
HWL	High Water Level		
In	Inches		
LAS	Land Application System		
lf	Linear Feet		
LWL	Low Water Level		
MBR	Membrane Bioreactor		
MDD	Maximum Daily Demand		
MG	Million Gallons		
mgd	million gallons per day		
mi	miles		
MMADF	Max Month Average Daily Flow		
MNGWPD	Metropolitan North Georgia Water Planning District		
NRW	Non-Revenue Water		
OPB	Governor's Office of Planning and Budget		
PDOT	Paulding Department of Transportation		
PRV	Pressure Reducing Valve		
psig	Pounds per Square Inch (gage)		
PVC	Polyvinylchloride		

Paulding County

Paulding County (the County) is a growing county located in the northwest area of the metropolitan Atlanta region. The County was created from Cherokee County by an act of the Georgia General Assembly on December 3, 1832. The County has a total area of 314 square miles. The County includes three incorporated cities: the City of Braswell, the City of Hiram, and the City of Dallas, which is the County seat. In 2015 the County had a U.S. Census population estimate of 152,328.

The Paulding County Water Authority was the initial owner and operator of the County's water and sewerage system (the System). The Authority was created by an act of the General Assembly of the State of Georgia in 1969. The System originally consisted of one 500,000-gallon water tank and 90 miles of water lines and served 600 customers. The Authority expanded the System throughout the 1970s and 1980s. Most of the major improvements were financed with the Authority's revenue bonds.

On February 1, 1990, the Authority was abolished by an act of the General Assembly of the State of Georgia. The County, acting by and through its governing authority, became successor in interest to the Authority and succeeded to all rights and obligations of the Authority. The County now owns and operates the System as a single utility enterprise. The County continued the expansion of the System in the 1990s and 2000s.

The County administers the daily operations of the System through its Water System Department. The Water System Director is appointed by the Board of Commissioners and oversees the management and operations of the Department. Approximately 80 employees of the County work exclusively in connection with the System.

In 2001, the Georgia General Assembly passed an Act, creating the Metropolitan North Georgia Water Planning District (MNGWPD), which was empowered to create Water Supply and Water Conservation Plans, Wastewater Management Plans, and Watershed Management Plans for a 25-year period. The initial versions of the plans were completed in the fall of 2003 and the Georgia Environmental Protection Division (EPD) enforces the implementation. Paulding County implements water and sewerage system planning and improvements in accordance with the MNGWPD plans. These plans were updated in 2008, and are in the process of undergoing an update. The current update, that was released in draft form in July of 2016 will consolidate the Water Supply and Water Conservation Plans with the Wastewater Management Plans into a single Water Resource Management Plan.

Paulding County is anticipated to continue to grow significantly in the future. Two different sets of population projections have been completed recently for the Metro Atlanta Region, including Paulding County. The Atlanta Regional Commission (ARC) recently completed population and employment projections for use by the District for the purpose of water demand forecasting as part of the 2017 Plan. In addition, The Governor's Office of Planning and Budget (OPB) prepared population projections in 2015.

The ARC and OPB forecasts are separate and independent projections of future population for each county in the District. These independent projections were derived using different methodologies, and the District developed projected water demands using both projection scenarios to improve forecast reliability. The water demand forecasts are described in Sections 1. Table ES-1 provides a summary of the two sets of projections. In both cases, the projections are showing significant growth

of Paulding County’s population over the next 3 decades, with a doubling of population occurring over that time period.

Table ES-1. Paulding County Population Projections		
Year	County Population	
	Office of Planning and Budget	Atlanta Regional Commission
2020	170,900	169,950
2030	209,745	213,899
2040	253,980	259,524
2050	304,620	297,855

Paulding County is undertaking this planned bond issue to finance investment into the County to support this planned growth and provide an independent water supply for the County’s current and future residents.



Section 1

The Water System

The County is undergoing a major upgrade to the water system as part of the implementation of the planned Richland Creek Reservoir (RCR) Water Supply Program that will be financed through the proposed water and sewerage bonds, Series 2016. Section 3 provides specific detail on the RCR Program. This section provides the history of the current water system.

1.1 Current Water System Configuration and Infrastructure

The County purchases most of its water supply from the Cobb County-Marietta Water Authority (CCMWA) pursuant to a contract and agreement, dated as of June 1, 1970, as amended. The water is purchased from and treated by CCMWA. The contract expires on May 31, 2032. Through the implementation of the Richland Creek Water Supply Program, Paulding County will reduce the consumption of water from CCMWA and over the long term will develop the Richland Creek Reservoir to an ultimate capacity of 35 million gallons per day (mgd), which will fulfill the County's water needs through 2060.

1.1.1 Water Supply from CCMWA

Water supply provided to Paulding County by CCMWA is provided from the Hugh A. Wyckoff Water Treatment Plant. This 72 mgd facility withdraws water from Lake Allatoona and utilizes a conventional treatment process including coagulation, flocculation, sedimentation, and dual media filtration treatment. The facility also includes an advanced treatment process of post filter granular activated carbon (GAC). CCMWA treats the water and then distributes it through a series of large diameter transmission lines and storage tanks to its 13 wholesale customers including Paulding County.

Water is supplied to Paulding County through interconnections with the CCMWA transmission system as well as interconnections with the Cobb County Water System (CCWS). There are currently a total of six interconnections with CCMWA as well as two interconnections with CCWS.

1.1.2 Service Area and Distribution System

Paulding County's water system serves the County and the City of Dallas (through wholesale agreements). The County does not serve the City of Braswell, but it does provide supplemental supply to the City of Hiram's well system through a wholesale agreement. Outside of the County, the water system provides water via a wholesale agreement to a small portion of Polk County. In total the system has approximately 45,000 existing water accounts serving a population close to 150,000 people. Further information on Paulding County customers is included in Section 1.3.

The system currently includes approximately 975 miles of distribution mains ranging from 2 to 24 inches in diameter. The majority of the pipes are 6 and 8 inches in diameter, which make up 33 and 49 percent of the system, respectively. Currently the minimum sized piping being installed is 6 inches in diameter.

Table 1-1. Drinking Water Piping Inventory		
Pressure Pipe Inventory Nominal Diameter (in)	Length (ft)	Percent of Total System (%)
2	43,000	<1
6	1,702,000	33
8	2,500,000	49
10	411,000	8
12	148,000	3
14	11,000	<1
16	186,000	4
20	37,000	<1
24	110,000	2
All Diameters	5,148,000	100

To optimize service delivery, the County has established three separate pressure zones, based on topography: the Main Zone (that operates at an HGL of 1,255 feet), the Union Zone (that operates at an HGL of 1,445.8 feet), and the Yorkville Zone (that operates at an HGL of 1,522 feet).

1.1.3 Booster Stations

The Water System includes several booster pump stations that raise water pressure in local areas to acceptable levels. There are 11 booster pump stations (BPSs) in the County water distribution system including seven main stations and four minor stations. The main stations transfer water across the distribution system and maintain general system pressures in the main pressure zones. The minor stations are simply set up to boost pressure to several subdivisions.

Primary Booster Pump Stations

Three of the primary BPSs are located at the county boundary and are considered boundary BPSs which include: Hwy 120, Macland Road and Cleburne Parkway. Boundary BPSs are owned and maintained by the County and are used to pump water from CCMWA's system into the County.

Inside of the system the County operates four BPSs which include: Braswell Mountain, Hwy 61, Union and Bell Road. Two of the internal BPSs, Braswell Mountain and Hwy 61, are located in the Main Zone. The Braswell Mountain BPS is located on Harmony Grove Church Road and is controlled by the Braswell Mountain storage tank. This pump station is equipped with variable frequency drive (VFD) motors set to maintain a set discharge pressure. The Hwy 61 BPS is located on Hwy 61 south of Hiram Sudie Road and maintains a level in the New Georgia water storage tank. The Union BPS is located on Mulberry Rock Road near the New Georgia water tank close to the boundary between the Main and Union Zones. This station is controlled by the water level in the Union Tank.

The Bell Road BPS is located on Bell Road near the Union and Yorkville Zone boundaries. The Bell Road station is controlled by the water level in the Yorkville storage tank.

A summary of the BPSs is provided in Table 1-2.



Table 1-2. Primary Booster Pump Station Summary						
Name	Firm Capacity¹ (gpm)	TDH (ft)	Horsepower (hp)	Number of Pumps	Primary Controlling Tank	Approximate Age² (yr)
Internal BPS						
Bell Road	1,200	270	150	2	Yorkville	13
Braswell Mountain	750	300	100	2	Braswell	10
Hwy 61	1,600	190	150	2	New Georgia	10
Union	2,500	335	400	2	Union	9
Boundary BPS						
Cleburne Parkway	4,720	128	100	3	Shipp	16
Hwy 120	4,000	100	75	3	Hiram Sudie	16
Macland Road	3,000	100	100	2	Macland	20

¹ Based on one pump out of service.

² Age based on current year 2016.

Each of the County’s existing pump stations is less than 20 years old with the oldest being Macland Road, which was installed in 1996. The newest, Union, was installed in 2007.

Minor Booster Pump Stations

In addition to the primary BPSs mentioned above the County operates and maintains several smaller stations referred to as minor stations. Minor stations in the system are set up to boost pressure to several subdivisions near Macland and Mt. Tabor Church Road in the Main Zone. Minor stations include: Macland Township, Cowboy Trail, Evans Mill and Donna Lane.

1.1.4 Storage Facilities

The County’s existing water system contains a total of seven water storage tanks which are comprised of both elevated and ground storage tanks that range in size from 500,000 to 1,000,000 gallons. There are a total of five tanks located in the Main Zone, one tank in the Union Zone and one tank in the Yorkville Zone. The total combined storage for the system is approximately 4.75 million gallons (MG) with 3.25 MG in the Main Zone, 1.0 MG in the Union Zone and 0.5 MG in the Yorkville Zone. A summary of the storage tanks by pressure zone is provided in Table 1-3.



Table 1-3. Water Distribution System Storage Facilities by Pressure Zone

Tank Name	Zone	Type	Ground Elevation (ft)	Low Water Level (LWL) Elevation (ft)	High Water Level (HWL) Elevation (ft)	Head Range (ft)	Volume (gal)
Braswell Mountain	Main	Elevated	1,156.00	1,223.00	1,255.00	32.0	500,000
Hiram Sudie	Main	Elevated	1,178.00	1,225.00	1,258.00	33.0	1,000,000
Macland	Main	Ground	1,225.50	1,225.50	1,265.50	40.0	500,000
New Georgia	Main	Ground	1,215.00	1,215.00	1,255.00	40.0	500,000
Shipp Road	Main	Elevated	1,076.09	1,221.00	1,255.00	34.0	750,000
Union	Union	Elevated	1,340.81	1,415.81	1,445.81	30.0	1,000,000
Yorkville	Yorkville	Elevated	1,402.00	1,484.50	1,522.00	37.5	500,000
Total							4,750,000

Note: Elevation data based on County survey data and/or the "Water System Transmission System Assets, Tanks and Booster Pump Stations" by RJP Environmental Associates, November 2012.

The age of the County's existing storage tanks ranges from 13 to over 60 years old. Yorkville tank is the newest tank and was commissioned in 2003 while Shipp Road is the oldest. Shipp Road was purchased from another municipality and was originally manufactured in 1950 and put into service in 1980 in the County. The existing storage tanks were supplied from a variety of manufacturers and include several tank styles including leg, pedestal and fluted column. A summary of the County's existing tanks by manufacturer, age and style is provided in Table 1-4.

Table 1-4. Water Distribution System Storage Tank Summary

Tank Name	Manufacturer	Year Commissioned	Approximate Age ¹	Style
Elevated Tanks				
Braswell Mountain	Chicago Bridge and Iron (CB&I)	2001	15	Fluted Column
Hiram Sudie	Caldwell	1998	28	Multi Column
Shipp Road ²	Brown Steel	1983	60+	Multi Column
Union	Caldwell	1993	23	Multi Column
Yorkville	CB&I	2003	13	Pedestal
Ground Tanks				
Macland ³	Unknown	1970s	40+	Steel
New Georgia	Unknown	1977	39	Steel

¹ Age based on current year 2016.

² Shipp Road tank originally manufactured in 1950.

³ Macland Tank anticipated to be replaced in 2016.

In addition to the tanks shown in Tables 1-3 and 1-4, there is an existing but inactive storage tank in the Main Zone located on Mt. Tabor Church Road northeast of Paulding Drive referred to as the Mt. Tabor Tank. The Mt. Tabor Tank was installed in 1988 as a ground storage tank with a total volume of 1 MG and HWL of approximately 1,255 feet.



1.1.5 Pressure Reducing Valves (PRVs)

The water distribution system includes a total of seven pressure reducing valves (PRVs) which were installed to reduce several high pressure areas in the northeast portion of the distribution system. The PRVs are located near Cedarcrest and Harmony Grove Church Roads and serve portions of the Bentwater and Picketts Mill subdivisions. A summary of the PRVs and their settings is provided in Table 1-5.

Table 1-5. Summary of Existing PRVs		
Location	Ground Elevation (ft)	Pressure Setting (psig)
Graves Road at Cedarcrest Road	858.64	85
Bentwater Drive at Cedarcrest Road	935.75	51
Graves Road at Harmony Grove Church Road	903.81	61
Golf Crest Drive at Cedarcrest	891.00	54
Flagstone Way at Harmony Grove Church Road	955.00	70
Picketts Mill Place at Hwy 92	940.22	80
Mabry Lane at Seven Hills Connector	947.73	80

1.2 Non-Revenue Water Management

Paulding County has taken an active role in tracking and addressing Non-Revenue Water (NRW). In accordance with the requirements of the MNGWPD, water audits are conducted on an annual basis in order to quantify levels of non-revenue water. Table 1-6 shows the calculated NRW averages for the Paulding County Water System for the last 5 years.

Table 1-6. Non-Revenue Water				
Year	Water Treated and Pumped to the Paulding System, mgd	Water Sold, mgd	Non-Revenue Water (NRW)	
			Annual Average	
			mgd	%
2011	9.68	7.30	2.37	24.5
2012	9.98	7.25	2.73	27.4
2013	9.45	6.92	2.53	26.8
2014	9.55	7.43	2.12	22.2
2015	9.77	7.30	2.47	25.3

Note: Excludes Polk demands.

1.2.1 Leak Detection Program

Paulding County maintains a leak detection program to address water loss due to leaks. The program is based on the principles put forth by the International Water Association and the American Water Works Association. The primary goal is to operate a proactive leakage management plan that conserves water and reduces operating costs.



The program divides the distribution network into District Metered Areas (DMA) as a flow management tool to determine the level of leakage within defined pressure zones. Monitoring flows in the DMAs allows for identification of larger leaks. Table 1-7 details the DMA locations.

Table 1-7. District Metered Area Descriptions	
DMA Zone 1 Main	This zone encompasses the majority of the east and northwest parts of the county. The boundary begins at the northeast corner of the Paulding/Cobb line and extends to the southeast corner of the county; then travels west along the Paulding-Douglas and Paulding-Carroll County lines just beyond Hwy 61. At Hwy 278, the boundary goes northwest where it stops at the Paulding/Polk County line just south of the city of Braswell. The boundary then follows the Paulding County line north back to the northeast corner of the county. This zone is served by two CCWS System master meters and six CCMWA master meters.
DMA Zone 2 Union	This zone encompasses mainly the southwest quadrant of the system known as Union. The boundary zone begins just west of Hwy 61 at the Paulding-Carroll County line and extends north of Buchanan Hwy; then travels west to the Bell Road Booster Pump Station and stops at the Paulding-Haralson County line. This zone is served via the Union Booster Pump Station on Mulberry Rock Road west of Hwy 61.
DMA Zone 3 Yorkville	This zone encompasses the west part of the county north of the Union zone known as Yorkville. The southern boundary of this zone begins at the Bell Road Booster Pump Station and extends west to the Paulding-Haralson County line and east to just north of Buchanan Hwy. The boundary extends north to Hwy 278 and turns northwest at the Old Yorkville BPS. The boundary stops at the Paulding-Polk County line and follows the county line west and south back to the southern boundary. This zone is served via the Bell Road Booster Pump Station which is located at the intersection of Hwy 101 N and Bell Road.

Paulding County utilizes acoustic leak detection to locate leaks that do not reach the surface. The sonic leak-detection equipment includes pinpoint listening devices that are connected directly to fire hydrants or valves, and geophones that listen directly to the ground. Correlating devices are used that listen at two points simultaneously to pinpoint the exact location of the leak. The following outline details the basic strategy for locating and repairing leaks utilized by the County:

1. Assessment

Leaks may occur anywhere in the system but leak detection efforts focus on areas of the distribution system with the greatest expected problems. These include; areas with high historical leakage, areas where system pressures are the highest, areas with oldest components, and areas where high traffic vibration or other design loads may be an issue.

2. Localize

Once areas have been identified for assessment, localization of any potential leaks by placing a series of noise loggers on fire hydrants and valves throughout a gridded pattern in the system takes place. They are installed by water system personal on a “lift and shift” method where a set number of loggers are installed and relocated as needed. They are easily deployed on valves using magnets and can be placed permanently or moved from site to site with no interruption to water supply. Most applications only require loggers to be in place overnight to record information during lower demand periods. This “lift and shift” method allows for a small number of units to effectively cover a larger area in a sweeping pattern. Each logger listens for leak noise and transmits an alert if a leak is suspected.

3. Pinpoint

Once an alert from the noise loggers is received, the County begins using correlating devices to listen at two points simultaneously to pinpoint the exact location of the leak. The correlators measure the time for leak noise to travel between two points and indicate a distance from each point to the apparent leak location.



4. Confirm

To confirm a leak, ground microphones are used to amplify the leak noises detected by the correlators and help identify their exact ground location. This process helps determine where to begin digging for the repair.

5. Repair

Once a leak has been accurately located, service work orders are generated for crews to repair the leak accordingly.

6. Mapping & Data

All information gathered from the leak detection program is collected and stored in a database for analysis. The County logs all relevant information including location, date found, date repaired, leak source, gallons per day, gallons per year, and cost. As the County revises and updates the system distribution maps, they create a layer within their GIS system to accurately map all leaks and repairs.

1.3 Historical Customers and Demand of the Water System

Over the past decade, the County’s water demand has averaged 10.2 mgd based on monthly purchase records. Due to the way in which flow is metered on a monthly basis, it is only possible to determine average demand over a monthly period. As a result, maximum daily demand is not known. In order to approximate maximum daily demand numbers, the peaking factor for the entire CCMWA system was utilized (a peak day to average day ratio of 1.55). Table 1-8 shows the historical average daily demand and calculated maximum daily demands using this ratio.

Table 1-8. Historical Water Demand		
Year	Average Daily Demand (mgd)	Calculated Max Day Demand (mgd)
2005	9.2	14.2
2006	10.6	16.4
2007	10.9	16.9
2008	9.5	14.8
2009	10.3	15.9
2010	10.6	16.4
2011	10.3	15.9
2012	10.4	16.2
2013	9.7	15.0
2014	10.1	15.6
2015	10.4	16.2
Average	10.2	15.8

Over the past 5 years the demands have been relatively flat. However, it appears that this is likely due to reduction in per capita usage (through conservation and use of low flow fixtures). This is a similar trend to what is being observed across the entire metro Atlanta region. Although the consumption has been relatively flat, the number of water customers has increased by over 6 percent during the same period. Table 1-9 shows the number of water connections by fiscal year.



Table 1-9. 2015 Number of Water Connections				
Year	Residential	Commercial	Municipal	Total
2011	39,652	1,196	38	40,886
2012	39,940	1,248	39	41,227
2013	40,434	1,286	41	41,761
2014	41,153	1,321	41	42,515
2015	42,230	1,107	41	43,378
2016	43,571	1,129	41	44,741

Table 1-10 shows the ten largest water customers in 2016 and their respective percentage of total system revenue.

Table 1-10. Ten Largest Water Customers – 2016			
Customer	Average Monthly Usage (1,000 gal)	Total Revenues Received (\$)	% of Total System Revenue
City of Dallas	162,200	813,504	3.56
Paulding County School Board	35,583	323,253	1.42
Polk County Water	12,943	60,703	0.27
Ocean Harris Bridge	12,313	104,315	0.46
Merchants Court	12,240	103,222	0.45
WellStar Hospital	11,530	100,270	0.44
Ameagle Contractor	10,765	107,092	0.47
Paulding Assoc	9,852	83,182	0.36
American Homes 4 Rent	7,618	53,707	0.24
Freo Georgia LLC	7,184	58,383	0.26
TOTAL	282,229	1,807,630	7.91

1.4 Current Water Rates

Paulding County has a tiered rate structure and maintains different rates for residential, commercial, and irrigation service. Current water rates are shown in Table 1-11.

Table 1-11. Retail Monthly Meter Charges		
Service Type	Rate Type	Rate (\$)
Residential	Monthly Base Rate (per 1,000 gal)	5.00
	Tier 1 (0-8,000 gal)	7.16
	Tier 2 (8,000-16,000 gal)	7.87
	Tier 3 (16,000 gal and above)	8.59
Commercial	Monthly Base Rate	8.00
	Rate charged per 1,000 gal	7.16
Irrigation	Monthly Base Rate	8.00
	Rate charged per 1,000 gal	7.87

1.5 Future Water Demand Projections

In July of 2016, the MNGWPD prepared a draft of the 2016 Water Resource Management Plan which provides water demand forecasts for the County through 2050. This plan provides anticipated water and sewer projections based on recently updated population projections from two regional planning agencies (the ARC and the Georgia OPB). These projections were incorporated into the County’s long term planning including the Paulding County Water System Master Plan completed in May of 2016. Table 1-12 shows the anticipated growth in water demand in 2025 and 2050. The projections provided are in Average Daily Demand (ADD). An anticipated maximum daily demand peaking factor of 1.55 was used to show anticipated Maximum Daily Demand.

Table 1-12. Water Demand Projection				
Year	Water Demand: ADD		Water Demand: MDD	
	Office of Planning and Budget	Atlanta Regional Commission	Office of Planning and Budget	Atlanta Regional Commission
2025	12.8	15.6	19.8	24.2
2050	23.0	24.0	35.7	37.2

1.6 Water System Vulnerability Assessment

In November of 2003, Paulding County completed a Community Water System Vulnerability Assessment in accordance with the requirements issued by the Public Health and Security and Bioterrorism Act of 2002. The results of this assessment have been used to implement a prioritized plan for risk reduction for the Paulding County Water System.

1.7 Water System Summary of Compliance

The County’s water system operations are subject to the regulatory requirements imposed by the Safe Drinking Water Act, as amended. The regulatory requirements are administered by the United States Environmental Protection Agency (EPA) and the EPD. State and federal regulations applicable to the County’s water system operations deal with, among other issues, the quality of the water in the distribution system.

Paulding County has 300 monitoring sites for total coliform rule compliance throughout their distribution system that are rotated monthly to obtain 100 sites per month. There have been no reportable violations in the past 5 years. They have had several hits, but in all cases they have passed on the required retest, indicating that the site is not in violation. The County has been placed on reduced monitoring for the Lead and Copper rule based on low historical values (which would be expected in such a new system). They have no reportable lead and copper detections in their system.

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

Section 2

The Sewerage System

The Paulding County Water System is charged with the transport and subsequent treatment of wastewater generated in the unincorporated areas of Paulding County excluding those areas served by the City of Dallas. In addition, the County treats wastewater for a small portion of northwest Cobb County through an intergovernmental service agreement.

The sewerage system has three wastewater treatment plants with 5 discharge permits with a total capacity of 4.8 million gallons per day. The sewerage system has approximately 230 miles of gravity sewer mains, ranging in size from 8 to 36 inches. There are 43 lift stations and approximately 60 miles of force main ranging in size from 4 to 18 inches. There is also approximately 30 miles of reuse mains ranging in size from 6 to 16 inches that will be used to distribute reclaimed wastewater back to golf courses and residential yards for irrigation purposes. The sewer system currently serves the Coppermine basin, located in the southeastern section of the County, the Pumpkinvine basin, located in the northeastern section of the County, and the Upper Sweetwater basin in the southwestern section of the County.

2.1 Sewerage System Configuration and Infrastructure

2.1.1 Water Reclamation Facilities

The County has three water reclamation facilities that have a total permitted capacity of just under 5 mgd. Table 2-1 provides information on these facilities including permitted capacity, date of construction and expansion, and the receiving watershed. Each of the various facilities is described in this section.

Plant	Permitted Treatment Capacity (mgd)	Average Daily (2015)	Maximum Daily (2015)	Date of Original Construction	Dates of Improvements	Receiving Stream
Coppermine	2.033	1.47	3.20	1993	2004, 2008	Mill Creek
Pumpkinvine	2.50	0.95	1.35	1998	2004, 2006, 2009	Pumpkinvine Creek
Upper Sweetwater	0.30	0.05	0.12	2005	2006	Sweetwater Creek
Total	4.833	2.47	4.67			

Description of the Coppermine Water Reclamation Facility

The first sewer treatment plant constructed within unincorporated Paulding County was the Coppermine Land Application System (LAS), a two-cell oxidation pond facility which became operational in the mid-1990s. The plant was originally permitted to treat 750,000 gallons per day (gpd). The LAS treatment capacity was later expanded to 1.5 mgd. This capacity was reduced to 1.033 mgd due to a loss in spray field area. In 2004, a wasteload allocation was granted to the Coppermine treatment facility for discharge to Mill Creek after which, a new water reuse facility

(WRF) capable of meeting the waste load allocation discharge was constructed. The new facility utilizes biomembranes and is co-located with the existing LAS and was placed into service in 2009.

Description of the Pumpkinvine Water Reclamation Facility

The second sewer treatment plant constructed within unincorporated Paulding County was the Pumpkinvine Water Reclamation Facility (WRF), that became operational in April 1999. The plant was originally constructed as a sequencing batch reactor (SBR) facility permitted to treat 500,000 gpd. The biological design assumptions for influent biochemical oxygen demand (BOD) and total suspended solids (TSS) used to size the SBR was substantially underestimated. Although capable of processing the flow hydraulically, the SBR were determined by an independent review to be unable to achieve treatment within permit limits for influent volume flow rates beyond approximately 350,000 gpd. As a result, a co-located MBR facility utilizing membrane bioreactors with a capacity of 1.0 mgd was constructed in 2004. A portion of the SBR facility was re-configured to provide additional temporary aeration basin tankage for the MBRs and also additional digestion volume. In 2009 a second MBR plant was constructed with a 1.5 mgd stream discharge and reuse permit, at which time the entire SBR facility was converted to aerated digester storage. The Pumpkinvine facility currently has a combined capacity of 2.5 mgd.

Because of the high level of treatment achieved using the MBR technology, the Pumpkinvine WRF is permitted as a wastewater reuse facility. Effluent from this facility is pumped to a holding pond where upon demand, it is subsequently pumped to the Bentwater Golf Course for use as irrigation water. The Bentwater Golf Course and surrounding common areas are rated for receipt of an annual average of 500,000 gpd of treated effluent. Addition reuse water is approved for distribution to the Governor's Towne Club Golf Course and surrounding common areas in an amount not to exceed an annual average of 500,000 gpd. Residential subdivisions in the Pumpkinvine WRF service area (excluding Bentwater & Governor's Towne Club) are required by ordinance to install a reuse distribution system to accommodate the wastewater flows generated by the development. These residential reuse systems are intended to return treated effluent to the residential lawns for irrigation purposes only.

Description of the Upper Sweetwater Water Reclamation Facility

The third sewer treatment plant constructed within unincorporated Paulding County was the Upper Sweetwater Water Reclamation Facility (WRF). Construction of this facility began in 2004 and the facility was constructed to ultimately be capable of treating up to 1 mgd. The Upper Sweetwater WRF was designed as an MBR facility utilizing flat panel biomembranes. Although the facility is permitted to treat up to 1 mgd, the current capacity is 0.3 mgd with very low flow in this service area. As wastewater generation increases in this basin, an increase to the treatment capacity will be obtained through the installation of additional membranes, piping improvements, valves, blowers, pumps, residuals handling facilities, and outfall upgrades.

Because of the high level of treatment achieved using the MBR technology, the Sweetwater WRF is permitted as a wastewater reuse facility. Effluent from this facility is pumped to a holding pond where upon demand, it is subsequently pumped to the Georgian Resort (the Frog) Golf Course for use as irrigation water. The Georgian Resort Golf Course, residential units, surrounding common areas and adjacent planned residential developments are all potential customers for reuse water from this facility in the future. These residential reuse systems are intended to return treated effluent to the residential lawns for irrigation purposes only.

2.1.2 Collection System

Paulding County’s sewer collection system includes approximately 230 miles of gravity collection system piping, 60 miles of force main piping, and 43 lift stations. Table 2-2 provides a summary of the drainage area, approximate length of pipe in each basin, and number of lift stations by basin.

Facility Service Area	Drainage Area (acres)	Approximate Percentage of Basin Sewered	Approximate Collection System Pipe Length (ft)	Number of Lift Stations
Coppermine	25,000	53	611,300	22
Pumpkinvine	22,275	69	523,240	16
Upper Sweetwater	5,410	69	71,345	5

Description of the Coppermine Sewer Service Area

The Coppermine sewer service area is a composite region that is currently comprised of a portion of the southern Pumpkinvine Creek sewer service area, a portion of the northern Sweetwater Creek sewer service area, two primary drainage features, (Rakestraw Creek and Powder Springs Creek) and two secondary drainage features (Antioch Tributary and Menlow Station Tributary). The primary and secondary drainage features listed above drain naturally to Cobb County; however, flows are collected and subsequently pumped to the Coppermine LAS for treatment via lift stations.

The existing infrastructure within the Coppermine Service area is relatively new in terms of the anticipated service life for such facilities. The majority of the gravity collection system lines within this basin consist of polyvinylchloride (PVC) pipe. The force mains are also PVC with the exception of the Rakestraw Creek force main along Poplar Springs Road which has recently been replaced with a new 14- inch Ductile Iron Pipe (DIP).

The Coppermine Sewer Service Area includes 22 lift stations. Table 2-3 provides a summary of the existing lift stations within the Coppermine sewer service area including pump size and operating points for the lift stations.

Lift Station Name	Subbasin	Pump Size (hp)	Pump Rate (gpm)	TDH (ft)	Force Main Diameter (in)	Force Main Length (ft)
Cadillac	Mill Creek	70	1015	126	10	4,460
Coppermine	Mill Creek	88	1600	106	12/14	3,100
Menlow	Menlow Tributary	10	215	60	8	4,800
Rakestraw Creek	Rakestraw Creek	88	1250	175	14	17,000
Smith Road	Powder Springs Creek	70	1105	136	8	4,100
Riverwood	Possum Creek	130	833	256	10	12,505
Timberland	Picketts Mill Creek	125	620	270	10	16,000
Due West	Possum Creek	88	521	212	8/10	9,200



Table 2-3. Coppermine Basin Existing Lift Station Summary						
Lift Station Name	Subbasin	Pump Size (hp)	Pump Rate (gpm)	TDH (ft)	Force Main Diameter (in)	Force Main Length (ft)
East Paulding	Possum Creek	47	771	129	10/12	15,100
Somerset	Picketts Mill Creek	25	280	133	6	5,600
Raper Creek	Raper Creek	47	320	186	8	5,770
Possum Creek	Possum Creek	130	669	270	10	9,400
Oakleigh Point	Picketts Mill Creek	47	350	169	10/12	13,470
Mill Creek	Mill Creek	47	478	141	8	4,379
Mallard Glen	Mill Creek	88	375	180	8	11,448
Azelea Lakes	Possum Creek	47	184	192	4/10	10,400
Nebo Road (Ingles)	Lick Log Creek	88	350	175	8	15,950
Ivey Gulledege Park	Picketts Mill Creek	23	200	142	6	5,550
Old Griffin Road	Powder Springs Creek	47	433	124	6	2,704
Citizens Square	Powder Springs Creek	5	225	113	6	1,962
Stars and Strikes	Powder Springs Creek				8	2,150
City of Hiram	Mill Creek	45	953	97	10	1,780

Description of the Pumpkinvine Sewer Service Area

The Pumpkinvine Sewer Service Area is located in what will be the largest drainage basin in Paulding County, covering approximately 55 percent of Paulding County. The Pumpkinvine sewer service area is located in the northeast portion of Paulding County and has been continually expanding since the construction of the Pumpkinvine WRF in 1999. It is anticipated to expand to an area of nearly 35,000 acres by 2025.

The primary factor contributing to the expansion of the service area is the redirection of sewer service area away from the Coppermine sewer service basin. Currently flows that would naturally drain towards the Pumpkinvine WRF are pumped to Coppermine due to infrastructure gaps that are proposed to be filled by the end of the planning period. The Pumpkinvine sewer service area is comprised of the northern portion of Pumpkinvine Creek. The primary drainage features (Little Pumpkinvine Creek, Possum Creek, Picketts Mill Creek and Westbrook Creek) make up the majority of the sewer service basin.

The Pumpkinvine Sewer Service Area includes 16 lift stations. Table 2-4 provides a summary of the existing lift stations within the Pumpkinvine sewer service area including pump size and operating points for the lift station.



Table 2-4. Pumpkinvine Basin Existing Lift Station Summary

Lift Station Name	Subbasin	Pump Size (hp)	Pump Rate (gpm)	TDH (ft)	Force Main Diameter (in)	Force Main Length (ft)
Paintball	Westbrook Creek	7.4	105	70	6	2,980
Golf Course	Westbrook Creek	15	365	75	8	3,340
Westbrook #2	Westbrook Creek	7.5	158	51	6	1,550
Westbrook #3	Westbrook Creek	88	1178	140	12	11,235
Westbrook #1	Westbrook Creek	100	1230	176	10	5,890
McEvers	McEvers Branch	47	1070	88	12	3,290
Thunder Ridge	Lower Pumpkinvine Creek	15	150	110	8	2,420
Winding Creek	Little Pumpkinvine Creek (north)	88	555	232	10	8,100
Seven Hills	Little Pumpkinvine Creek (north)	130	926	239	8/10	3,700
Rosewood Park (Crossroads)	Little Allatoona Creek	15	299	80	8	2,900
Silvercrest Lakes	Lower Pumpkinvine Creek	30	250	136	6	11,700
Edenwood	Lower Pumpkinvine Creek	88	680	174	10	4,680
Naturewalk	Lower Pumpkinvine Creek	105	820	224	10	6,600
Lost Creek #1	Lower Pumpkinvine Creek	7.5	434	34	8	4,000
Cedarcrest Village	Westbrook Creek	15	179	123	6	1,856
Burnt Hickory Elementary (N. Paulding)	Ward Creek	70	526	189	8	10,900

Description of the Upper Sweetwater Sewer Service Area

The Upper Sweetwater Sewer Service Area is located in the southern portion of Paulding County. The Sweetwater Creek watershed covers approximately 25 percent of Paulding County. The Upper Sweetwater sewer service area shares a portion of its watershed with Douglas County as well as a small area within Carroll County.

The Upper Sweetwater sewer service area is comprised primarily of the Sweetwater Creek basin, Lick Log Creek and Davis Mill Creek drainage areas. By 2025 flows from a small portion of Gothards Creek are anticipated to be pumped into the Upper Sweetwater sewer service area for subsequent treatment.

The Mill Creek subbasin which flows naturally into the Sweetwater basin is not considered part of the Upper Sweetwater sewer service area since sewer in this area can be more efficiently treated at the Coppermine LAS/WRF. During the next 20 years, the Upper Sweetwater sewer service area will change dramatically. The majority of the basins will be served via a future Cobb County sewer system that will extend into the County. The Upper Sweetwater WRF will provide a "sewer island" within the Upper Sweetwater sewer service area until the service boundaries are connected.

The existing infrastructure within the Upper Sweetwater sewer service area is relatively new in terms of the anticipated service life for such facilities. The majority of the gravity collection lines within this



basin consist of SDR-35 polyvinylchloride (PVC) pipe. The force mains were constructed of ductile iron pipe (DIP).

The Upper Sweetwater Sewer Service Area includes 5 lift stations. Table 2-5 provides a summary of the existing lift stations within the Upper Sweetwater Sewer Service Area including pump size and operating points for the lift station.

Table 2-5. Upper Sweetwater Basin Existing Lift Station Summary						
Lift Station Name	Subbasin	Pump Size (hp)	Pump Rate (gpm)	TDH (ft)	Force Main Diameter (in)	Force Main Length (ft)
Georgian No. 1	Upper Sweetwater Creek	30	500	102	8/12	1,990
Georgian No. 2	Upper Sweetwater Creek	60	431	138	6/8	4,790
Camden Lakes	Upper Sweetwater Creek	30	453	106	8/10	2,550
Manchester Meadows	Upper Sweetwater Creek	10	325	47	6	1,015
The Village@ New Georgia	Lick Log Creek	10	180	90	6	4,015

2.2 Historical Customers and Demand of the Sewerage System

Over the past decade, the County’s Sewerage System has steadily increased as additional areas of the County have been provided service and treatment capacity has been expanded. Table 2-6 provides a summary of the wastewater flow to the sewer system by calendar year from 2011 through 2015.

Table 2-6. Treated Wastewater Flow					
Year	2011	2012	2013	2014	2015
Average Daily Demand (mgd)	1.99	1.99	2.03	2.29	2.47
Max Monthly Average (mgd)	2.39	2.39	2.41	2.48	2.87

The wastewater flow has increased by approximately 24 percent over the period (based on average daily demand) and the number of connections has also increased significantly (increasing by 30 percent over that same period). Table 2-7 shows the number of residential and commercial/industrial connections each fiscal year from 2011 through 2016.

Table 2-7. 2015 Number of Sewer Connections			
Year	Residential	Commercial/Industrial	Total
2011	7,483	348	7,831
2012	7,625	365	7,990
2013	7,801	379	8,180
2014	8,283	396	8,679
2015	9,803	401	10,204
2016	10,213	407	10,620

The number of sewer customers has grown significantly, increasing by 60 percent over the past decade. Table 2-8 shows the total number of customers by fiscal year from 2006 through 2016.



Year	Customers
2006	6,112
2007	7,548
2008	7,937
2009	7,848
2010	8,221
2011	8,245
2012	8,414
2013	8,618
2014	9,135
2015	9,914
2016	10,620

Table 2-9 shows the ten largest sewer customers in 2016 and their respective percentage of total system revenue.

Customer	Average Monthly Usage (1,000 gal)	Total Revenues Received (\$)	% of Total System Revenue
Paulding County Board of Education	16,927	156,528	2.90
Paulding Associates LLC	8,865	83,117	1.54
Westwind Townhomes	7,606	60,522	1.12
Evergreen @ Lost Mountain	6,055	48,111	0.89
Magnolia Commons	5,300	46,364	0.86
New Life Homes, LLC	4,538	34,887	0.65
Inland American Retail	3,784	26,583	0.49
FMC Hiram	2,749	26,166	0.48
Homeplace Communities	2,626	23,753	0.44
Publix Supermarket	1,944	21,040	0.39
TOTAL	61,512	527,071	9.76

2.3 Current Sewer Rates

Paulding County has a tiered rate structure and maintains different rates for residential, commercial, and irrigation service. Current Water rates are shown in Table 2-10.

Table 2-10. Retail Monthly Meter Charges		
Service Type	Rate Type	Rate (\$)
Residential	Monthly Base Rate	2.00
	Rate charged per 1,000 gal	7.16
Commercial	Monthly Base Rate	5.00
	Rate charged per 1000 gal	7.16

2.4 Sewerage System Summary of Compliance

The County’s wastewater operations are subject to the regulatory requirements imposed by the Federal Water Pollution Control Act, as amended (the “Clean Water Act”), and the Georgia Water Quality Control Act. The regulatory requirements are administered by the United States Environmental Protection Agency (EPA) and the EPD. State and federal regulations applicable to the County’s wastewater operations deal with, among other issues, the quality of effluent which may be discharged from the County’s wastewater treatment facilities, the disposal of sludge generated by the wastewater treatment plants, and the nature of waste material (particularly industrial waste) discharged into the collection system. To comply with federal regulations concerning the industrial discharge of waste materials into the sewer system, the County must enforce industrial pretreatment limitation standards upon users of the sewer system.

Under the Clean Water Act, a NPDES permit is generally required for discharges to surface water. Therefore, to comply with federally mandated effluent quality and disposal criteria, the County must operate its water reclamation facilities (WRF) according to discharge limitations and reporting requirements set forth in NPDES permits. The three WRFs have separate NPDES permits allowing discharges to the Etowah and Chattahoochee River systems.

Paulding County has the authority to review and approve the plans and specifications for the improvements and extensions to the System. When these plans and specifications are finalized for a particular project, the County, if required, will submit them to the EPD for approval. Treatment plant projects, large pump stations, and large diameter pipeline projects are permitted through EPD.

In the past two years there were two minor violations for pH at the Pumpkinvine Facility. They both were single day low (<6) pH readings that were corrected the same day. The violations occurred in December of 2014 and April of 2016.

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

Section 3

Richland Creek Water Supply Program

In 1999 the County began the planning process for the Richland Creek Water Supply Program. In 2011 an official 404 permit application was prepared for construction of the program. In 2015 the permit was issued, allowing Paulding County to develop an independent Water System. In 2014 the County underwent a financial assessment of the sizing of the system improvements and in 2015 began the final design and procurement process for the program.

3.1 Overview of Program Components

The Richland Creek Water Supply Program is a multifaceted program targeted at providing a new water supply and associated treatment and distribution system elements for Paulding County. The project is targeted at improving Paulding's ability to manage future water rates and drought resiliency through having an independent supply. This summary focuses on the new reservoir, the two associated intake pump stations, the water treatment plant (WTP), and associated pipelines.

3.1.1 Etowah River Pump Station and Raw Water Pipeline

The Richland Creek Reservoir will be a pumped storage facility that will be filled via a pump station located about 3.5 miles from the reservoir on the Etowah River. Three stainless steel wedgewire intake screens are located in the Etowah River and connected to the pump station wetwell. An air scour system is housed in the pump station to keep the screens clean. The pump station also includes four vertical turbine pumps, each rated at 1,500 horsepower (hp) and approximately 16 mgd, for a total pump station capacity of approximately 60 mgd with all pumps in service. Two are constant speed and two are controlled by variable frequency drives (VFDs), with all of the electrical gear housed in a nearby electrical building. Operation of the pumps will be tied to the operating level in the Etowah River, with more pumps and/or higher rates being used when flows in the river are higher, such as due to releases from Lake Allatoona upstream of the pump station.

The pump station delivers water through a 20,000 lf, 48-inch steel pipeline to the Richland Creek Reservoir.

3.1.2 Richland Creek Reservoir

The new Richland Creek Reservoir is being created by construction of an earthen embankment dam approximately 2,965 feet in length and 125 feet in height at its highest point, along with a cutoff wall for seepage control. At normal pool, the reservoir surface area and storage will be on the order of 305 acres and 3.4 billion gallons, respectively. The dam also includes other seepage control measures and a primary outlet structure to handle storm flows and maintain downstream conditions during low-flow periods.

3.1.3 Reservoir Intake and Pump Station

The Reservoir Intake Pump Station delivers water from the reservoir to the WTP. This pump station consists of a wetwell with three vertical turbine pumps installed, each rated at 400 hp and

approximately 9 mgd and driven by VFDs, for a total firm capacity of 18 mgd with one pump operating as a standby/spare. The pump station is designed to readily accommodate up to three additional pumps to handle future increased plant capacity. Raw water analytical equipment is also housed in the pump station, and the electrical gear is located in a nearby electrical building. The pumps are controlled using the VFDs to maintain the desired flow rate to the WTP, and deliver the water approximately one mile to the WTP through a force main.

3.1.4 Water Treatment Plant

At the WTP, the water from the reservoir first flows through a rapid mix chamber, followed by dissolved air flotation (DAF) treatment. A duty and standby rapid mix are provided, along with two parallel DAF units. Clarified water from the DAF then passes through the dual media (sand and anthracite) filters, which have stainless steel folded plate underdrains. There are six filters operated in parallel, along with an air scour system to aid in proper backwashing. Filtered water flows into the filter effluent weir box, where it either passes over a weir or is pumped through the GAC facility. There are three 125 hp vertical turbine GAC feed pumps installed in the weir box, with the structure built to readily accept a fourth pump in the future. Each pump has a VFD, and the flow rate is controlled to treat the flow rate necessary for the overall blended effluent stream to meet the desired total organic carbon (TOC) concentration. There are six GAC pressure vessels installed as part of this project, each being 14-feet in diameter. These provide a 10 mgd firm capacity (with one offline as a standby), with more to be added as flows increase in the future.

GAC effluent and filter effluent combine just downstream of the weir in the filter effluent weir box, and flow to the clearwell splitter box. The splitter box is built to allow an equal flow split between two 6.3 million gallon clearwells. One is constructed as part of this project, with the second to be constructed in the future. A finished water pump station (FWPS) is constructed adjacent to the clearwell, and includes four 800 hp vertical turbine canned pumps for finished water distribution (three duty and one standby) along with two 250 hp vertical turbine canned pumps (one duty, one standby) for filter backwash and GAC vessel backwash. All of the pumps are on VFDs.

The chemical facility at the WTP houses chemical generation, storage, and feed systems for addition to various points within the treatment processes. These include storage and feed systems for aluminum sulfate, coagulant aid polymer, sodium hypochlorite, fluoride, liquid lime, and a chlorine dioxide generation and feed system. A maintenance building is also being constructed, along with the administration building that includes a process laboratory and main control room. The residuals building includes one centrifuge (with space and provisions for a second in the future), along with a conveyor system to transfer and distribute the dewatered residuals into roll-off containers. Solids removed in the DAF flow by gravity to the 60-foot-diameter gravity thickener before being pumped to the residuals building for dewatering by the centrifuge. The residuals feed pumps and centrifuge are all controlled by VFDs. A main electrical building at the WTP houses the FWPS electrical gear and VFDs with the main utility transformers adjacent to it, and a washwater lagoon treats the backwash waste and various drain flows for solids removal and dechlorination.

The WTP is being constructed for a design treatment capacity of 18 mgd, with the exception of the GAC vessels and feed pumps (which will utilize blending of water and can have more added as flows increase above the anticipated initial demand). The overall facility layout and design accommodates a future treatment capacity of 36 mgd, which would involve expansion of the chemical facility and construction of an influent splitter box, another set of rapid mixes, another two DAF units, six more filters, expansion of the filter effluent weir box, addition of three more GAC feed pumps and more

GAC vessels (for a total of 18), construction of a second clearwell and second gravity thickener, and addition of three more finished water pumps.

3.1.5 Finished Water Pipeline and Distribution System Improvements

Water produced at the water treatment plant will be conveyed through a new 12-mile, 36-inch-diameter pipeline from the Richland Creek Reservoir site down to the City of Dallas. At that location, a new 18 mgd in line booster pump station will pressurize the flow to the appropriate operating hydraulic grade. From this booster pump station, a 36-inch pipeline will travel approximately a half of a mile to connect to the new distribution system. A new 1 MG prestressed concrete ground storage tank (the Macland Ground Storage Tank) will be installed in the distribution system as an additional program component in order to help provide localized storage for proper system operation.

3.2 Permitting Summary

In October of 2015, the U.S. Army Corps of Engineers issued Permit Number SAS-2007-01410 authorizing Paulding County to construct the Richland Creek Water Supply Program. Upon issuance of this permit, Paulding County began finalizing the design of the system improvements, and undergoing procurement for implementation.

There are several different permits associated with the project that are currently in the approval process (shown in Table 3-1). All of these are on track to be issued in the near future. It is not anticipated that there will be any issue with issuance of these permits or that they will impact the program schedule.

Permit	Issuing Agency
Safe Dams Permit	GA EPD
Water Withdrawal Permit	GA EPD
WTP Design Approval	GA EPD
Raw Water Pipeline Design Approval	GA EPD
Finished Water Pipeline Design Approval	GA EPD
Pump Station Land Disturbance Permit	Bartow County
Raw Water Pipeline Land Disturbance Permit	Bartow County, City of Cartersville
Finished Water Pipeline Land Disturbance Permit 2015	Paulding County

3.3 Design Progress

Design initiated on the Richland Creek Water Supply Program components in the fall of 2014 and has progressed, with most of the components having the design 100 percent complete. Only the raw water pipeline, and finished water pipeline and booster pump station projects are not yet 100 percent complete with the design. Table 3-2 shows the current status of the program element design.

Table 3-2. Current Design Status for Richland Creek Water Supply Program

System Component	Description	Design Status (as of July 2016)
Etowah River Intake and Pump Station	60 mgd intake and pump station	100% complete
Raw Water Pipeline	20,000 LF of 48" pipeline from the Etowah River to the Reservoir	90% Complete
Richland Creek Dam and Reservoir	Earthen dam and 305-acre reservoir	100% complete
Reservoir Pump Station and Pipeline	18 mgd intake and pump station and 5,000 LF of 30" pipeline	100% Complete
Water Treatment Plant	18 mgd Water Treatment Plant	100% Complete
Highway 61 Intersection Improvements, Entrance Road, and WTP Site Grading	Entrance roadway from Hwy 61 to WTP and rough grading at WTP site	100% Complete
Finished Water Pipeline	67,000 LF of 36" finished water Pipeline	20% Complete
Finished Water Booster Pump Station	18 mgd booster pump station	20% Complete

3.4 Procurement Approach

A variety of procurement methodologies have been implemented for procurement of the various components. They include Construction Manager at Risk (CMAR), design-build, and conventional design, bid, build. The procurement methodologies chosen were based on the desire to effectively develop the design while managing budget and the desire to manage risk. Table 3-3 provides a summary of the procurement methodology utilized for each of the project components.

Table 3-3. Procurement Methodology Utilized for Each Project Component

System Component	Procurement Methodology
Etowah River Intake and Pump Station	Construction Manager at Risk
Raw Water Pipeline	Design Build
Richland Creek Dam and Reservoir	Design/ Bid/ Build
Highway 61 Intersection Improvements, Entrance Road, and WTP Site Grading Contract	Design/ Bid/ Build
Reservoir Pump Station and Pipeline	Construction Manager at Risk
Water Treatment Plant	Construction Manager at Risk
Finished Water Pipeline	Design/ Bid/ Build
Finished Water Booster Pump Station	Design/ Bid/ Build

3.5 Summary of Awarded Contracts and Program Cost Overview

All of the projects associated with the program are either complete with design, or the design is underway. Table 3-4 provides a summary of all of the contracts for permitting, design, program management, and mitigation for the RCR Program.

Table 3-4. Current Summary of Contracts for Design, Program Management, and Mitigation

Design Contract / Engineering Services Contracts	Company	Contract Value
404 Permitting Assistance	RLH	\$29,550
Financial Planning	Raftelis	\$200,000
Richland Creek Reservoir, Hwy 61 Intersection/Entrance Road/WTP Site Grading, Etowah River Intake and Pump Station, Water Treatment Plant, and Reservoir Pump Station Design and Construction Services (CS)	Arcadis	\$14,003,300
Raw Water Pipeline Design and CS	Croy Engineering	\$745,000 ¹
Program Management Services for RCR Program	Brown and Caldwell	\$6,500,000
Design of the Finished Water Pipeline and Booster Pump Station	Atkins	\$765,000
Wetland and Stream Mitigation	Forestar / Mitigation Resource Group	\$9,000,000
Macland Storage Tank Design and CS	Croy Engineering	\$40,000

¹ Part of Design Build Contract for Raw Water Pipeline.

Paulding County has entered into construction contracts for most of the key program elements. This allows the County to have known costs for the nearly all of the largest program components. Table 3-5 provides a summary of the key contracts executed for construction.

Table 3-5. Current Summary of Key Contracts for Construction

Construction Contract	Company	Contract Type	Contract Value
CMAR Services and Construction of the Etowah River Intake and Pump Station, Water Treatment Plant, and Reservoir Pump Station	PC Construction	Construction Manager at Risk (CMAR)	\$87,095,105
Construction of the Raw Water Pipeline	Gamey Construction	Design / Build	\$8,255,000
Construction of the Richland Creek Reservoir	Brad Cole Construction	Design / Bid / Build	\$42,708,933
Construction of the Macland Ground Storage Tank	Gamey Construction	Design / Build	\$1,499,000
Construction of the Highway 61 intersection improvements, entrance road, and WTP Site Grading Contract	Brad Cole Construction	Design / Bid / Build	\$2,790,247

A total of \$174,237,052 of the planned \$214,939,000 budget is under contract and the remaining estimate of work is anticipated to be \$35,609,000. Within each of the already awarded contracts there are contingencies controlled by the owner that amount to \$2,970,000. Additionally, there is \$5,153,948 in unallocated contingency within the program budget. This represents a contingency of 14 percent for work that is not yet under contract. Table 3-6 provides a summary of the contracts in place for each program component, the owner controlled contingencies within the awarded contracts, the unallocated contingency, as well as the program estimate for remaining work for each program component.

Table 3-6. Summary of Awarded Contracts and Remaining Costs

Project Component	Total Under Contract to Date	Contingency Within Current Contracts	Unallocated Contingency	Remaining Estimate Not Yet Under Contract	Total
Design and Construction of the Etowah River Intake and Pump Station, Water Treatment Plant, and Reservoir Pump Station	\$98,025,626	\$510,000		\$100,000	\$98,126,000
Design and Construction of the Raw Water Pipeline	\$9,000,000	\$500,000		\$400,000	\$9,400,000
Design and Construction of the Richland Creek Reservoir	\$60,717,179	\$1,500,000		\$3,000,000	\$63,717,000
Design and Construction of the Macland Ground Storage Tank	\$1,539,000	\$60,000		\$ 0	\$1,539,000
Design and Construction of the Highway 61 intersection improvements, entrance road, and WTP Site Grading Contract	\$2,790,247	\$350,000		\$0	\$2,790,000
Design and Construction Finished Water Pipeline and Booster Pump Station	\$2,165,000	\$50,000		\$32,109,000	\$34,274,000
Additional Unallocated Contingency	n/a		\$5,093,000	n/a	\$5,093,000
Total	\$174,237,000	\$2,970,000	\$5,093,000	\$35,609,000	\$214,939,000

3.6 Implementation Schedule

Construction of the reservoir, water treatment plant, pump stations, and pipeline projects will all occur in parallel. Table 3-7 provides the current anticipated schedule for each of the project components.

Table 3-7. Current Schedule of Construction

Construction Contract	Start of Construction	Anticipated Completion of Construction
Construction of the Etowah River Intake and Pump Station, Water Treatment Plant, and Reservoir Pump Station	August of 2016	March of 2019
Construction of the Raw Water Pipeline	September of 2016	October of 2017
Construction of the Richland Creek Reservoir	August of 2016	March of 2019
Construction of the Macland Ground Storage Tank	November of 2015	October of 2016
Construction of the Highway 61 intersection improvements, entrance road, and WTP Site Grading Contract	April of 2016	October of 2016
Construction of the Finished Water Pipeline and Booster Pump Station	April of 2017	April of 2019

Section 4

Capital Improvement Plan

Paulding County has a 5-year Capital Improvement Plan (CIP) to support continued capital improvements necessary to support existing facilities and expansion of the water and sewer system. The CIP matches the conservative assumptions for growth indicated in the Financial Feasibility Plan. The CIP is broken out into three elements: Water System CIP projects (not related to the Richland Creek Water Supply Program), Sewer System CIP Projects, and CIP elements for the Richland Creek Water Supply Program.

4.1 Water System CIP

The County has a significant number of projects in the CIP for the Water system in the next 5 years independent of the Richland Creek Water Supply Program. These elements include a water system facility, tank maintenance projects, and numerous water line relocation projects. Table 4-1 provides the current anticipated schedule for each of the project components.

Table 4-1. Water System CIP Projects		
Year	CIP Element	Estimated Cost
2016	Nebo Road and SR 61 GDOT Intersection Relocation	\$548,128
2016	Meter Replacement (2500 Meters)	\$500,000
2016-17	Highway 381 Bridges Water Line Relocation	\$1,000,000
2017-20	Macland Facility (Water System Building)	\$7,500,000
2017	Repaint Hiram Sudie Tank	\$70,000
2017	Repaint Union Tank	\$100,000
2017	Meter Replacement (2500 Meters)	\$500,000
2017	Proposed PDOT Intersection Improvements	\$117,000
2017-18	New Tank at Shipp Road	\$4,500,000
2017-20	Establishment of Mt. Tabor Pressure Zone	\$6,240,038
2017	Macland Road DOT Relocation of 24" line	\$3,225,000
2017-2019	SR 92 GDOT Relocation (Nebo Road to Douglas County)	\$7,000,000
2017	Water Line Extensions	\$500,000
2018	Meter Replacement (2500 Meters)	\$500,000
2018	Proposed PDOT Intersection Improvements	\$60,000
2018	Water Line Extensions	\$500,000
2019	Meter Replacement (2500 Meters)	\$500,000
2019	Proposed PDOT Intersection Improvements	\$195,000
2019	Water Line Extensions	\$500,000
2019	Seven Hills Widening Water Main Replacement	\$100,000

Table 4-1. Water System CIP Projects		
Year	CIP Element	Estimated Cost
2019-2020	Mulberry Rock Waterline	\$1,400,000
2020	Meter Replacement (2500 Meters)	\$500,000
2020	Proposed PDOT Intersection Improvements	\$80,000
2020	Water Line Extensions	\$500,000
2020-21	Cedarcrest Road Harmony Grove and Cobb Line Relocation	\$2,200,000
2020-21	SR 92 GDOT Relocation (Old Burnt Hickory to Nebo Road)	\$6,000,000
2020-21	Union Loop Water Line	\$2,200,000
2021	Meter Replacement (2500 Meters)	\$500,000
2021	Proposed PDOT Intersection Improvements	\$125,000
2021	Water Line Extensions	\$500,000
2021	East Paulding Drive Widening Line Relocation	\$100,000
2021	SR 92 GDOT Relocation (Cobb County to Old Burnt Hickory)	\$300,000
	Total	\$48,560,166

4.2 Sewer System CIP

The Sewer system components of the CIP include regular replacement of the membranes for the existing Water Reclamation Facilities. It also includes completing a Sewer System Master Plan, upgrading the Rakestraw Lift Station, rehabilitating the Coppermine WRF Headworks, and several pipeline projects. Table 4-2 provides information for the various planned Sewer System CIP projects included anticipated date and cost.

Table 4-2. Sewer System CIP Projects		
Year	CIP Element	Estimated Cost
2016	Membrane Replacement	\$260,000
2017	Sewer Master Plan	\$250,000
2017	Stonewood Creek Outfall	\$300,000
2017	Upgrade Rakestraw Creek Lift Station	\$500,000
2017	Membrane Replacement	\$250,000
2017-18	Rehabilitate Coppermine Headworks	\$2,500,000
2018	Replace 10" Rakestraw force main from Greenfield to Poplar.	\$350,000
2018	Membrane Replacement	\$250,000
2019	Membrane Replacement	\$250,000
2020	Membrane Replacement	\$250,000
2021	Membrane Replacement	\$250,000
	Total	\$5,410,000



4.3 RCR Program Elements of CIP

The Richland Creek Water Supply Program elements are included in the CIP with a total cost of \$214,939,397. Detailed description of all elements are included in Section 3 of this Engineering Report. Table 4-3 provides information for the various planned RCR CIP elements and cost.

Table 4-3. RCR CIP Projects		
Year	CIP Element	Estimated Cost
2016-19	Raw Water Intake / Pump Station	\$14,747,250
2016-20	Raw Water Pipeline	\$9,400,000
2016-20	Dam and Reservoir	\$54,717,179
2016-19	Water Treatment Plant and Reservoir Pump Station	\$86,168,623
2016-20	Finished Water Pipeline and Distribution System Improvements	\$39,906,345
2016-18	Stream and Wetlands Mitigation	\$10,000,000
	Total	\$214,939,397



Section 5

Parity Bond Test Opinion By Engineer

Paulding County's Bond Resolution, in addition to verification by an independent certified public accountant (or firm thereof) as to the adequacy of the balances in the Sinking Fund, the County may issue Parity Bonds secured by the Revenues of the System if one of several conditions are satisfied, including:

1. An independent certified public accountant (or firm thereof) shall, based upon an examination or review of the financial records of the System, render an opinion to the County that the net revenues of the System for the County's fiscal year immediately preceding the fiscal year in which such additional parity bonds are to be issued are at least equal to 120% of the average annual principal and interest requirements for the fiscal year in which such additional parity bonds are to be issued and all subsequent fiscal years on all bonds then outstanding and the bonds to be issued.
2. In the event that a new schedule of rates and charges for the services, facilities and commodities furnished by the System has been adopted and is in full effect, and independent certified public account (or firm thereof) shall, based upon an examination or review of the financial records of the System, render an opinion that if the new rate schedule had been in effect during the fiscal year immediately preceding the fiscal year in which additional parity bonds are to be issued, then the net revenues of the System would have been equal to at least 125% of the average annual principal and interest requirements for the fiscal year in which such additional Parity Bonds are to be issued and all subsequent fiscal years on all Bonds then outstanding and on the additional Parity Bonds proposed to be issued.
3. (i) A consulting engineer shall render an opinion that, based on the current rates and charges for the services, facilities, and commodities furnished by the System, the projected net revenues of the System for the first full Sinking Fund Year following the completion of the facilities to be financed by the proposed additional parity bonds will at least equal 130% of the average annual principal and interest requirements for the fiscal year in which such additional parity bonds are to be issued and all subsequent fiscal years on all bonds then outstanding and on the additional parity bonds proposed to be issued, and

(ii) the requirements of either (1) or (2) above shall be satisfied, except that in either case, the coverage requirements shall be 100%.

Compliance with both parts of option (3) of the additional test for Parity Bonds is shown in Table 5-1. Brown and Caldwell has reviewed and is in full agreement with all assumptions established in the Financial Feasibility Evaluation of Proposed Water and Sewerage Revenue Bonds, Series 2016 Report prepared by Raftelis Financial Consultants Inc. Brown and Caldwell will be providing an

opinion as required by the Parity Bond Test. A copy of the Financial Feasibility Evaluation is included in Appendix A

Table 5-1. Parity Bond Test		
Line No.	Description	FY 2021 Test Year
Parity Bonds Test		
<u>Revenues at 2016 Rates (1)</u>		
1.	Water User Charges	\$ 24,501,772
2.	Sewer User Charges	6,247,666
3.	Other Operating Revenues	1,372,377
4.	Non-Operating Revenues	913,745
5.	<i>Total Revenues</i>	\$ 33,035,560
6.	Operating Expenses	(17,700,991)
7.	Net Revenues	\$ 15,334,569
8.	Average Parity Debt Service (2)	9,313,020
9.	Parity Debt Coverage	1.65

(1) Revenues are calculated based on CY 2016 rates and FY 2021 customer accounts and billable demand.

(2) Represents the average annual parity debt service payments from FY 2017 through FY 2057.

Line No.	Description	FY 2016 Test Year
Parity Bonds Test		
<u>Revenues at 2016 Demand (1)</u>		
1.	Water User Charges	\$ 23,312,595
2.	Sewer User Charges	5,522,026
3.	Other Operating Revenues	1,370,218
4.	Non-Operating Revenues	852,754
5.	<i>Total Revenues</i>	\$ 31,057,593
6.	Operating Expenses	(21,479,969)
7.	Net Revenues	\$ 9,577,624
8.	Average Parity Debt Service (2)	9,313,020
9.	Parity Debt Coverage	1.03

(1) Revenues are calculated based on CY 2016 rates and FY 2016 customer accounts and billable demand.

(2) Represents the average annual parity debt service payments from FY 2017 through FY 2057.

**Appendix A: Financial Feasibility Evaluation of
Proposed Water and Sewerage Revenue Bonds,
Series 2016 (Prepared by Raftelis Financial
Consultants Inc.)**

Paulding County, Georgia

Financial Feasibility Evaluation of Proposed Water and Sewerage Revenue Bonds, Series 2016



Preliminary Official Statement
August 16, 2016

Evaluation by Financial Feasibility Consultants

Paulding County, Georgia Water and Sewerage Revenue Bonds, Series 2016

We have evaluated the accompanying Forecast Statement of Revenues, Expenses, Debt Service, and Debt Service Coverage (Forecast Statement) for the Paulding County, Georgia (County) water and sewer utility systems (System) for the six fiscal years ending June 30, 2016 through June 30, 2021. Our evaluation was conducted in accordance with guidelines for the water and wastewater industry and included such procedures as we considered necessary to evaluate the assumptions of the County.

In evaluating the financial feasibility of the project, those assumptions that we believe are most significant include:

- Projected growth in customers and demand for water and sewer services and the resulting impact on the forecast of revenues during the forecast period;
- Projected operating costs for providing water and sewer services to meet demand during the forecast period;
- Projected water and sewer rates during the forecast period; and
- Projected capital costs and sources of financing to meet infrastructure investment needs during the forecast period.

The accompanying Forecast Statement is presented on a cash basis consistent with the County's budgeting process for the System, and has been presented to be consistent with the specific requirements of the coverage tests identified in the County's Bond Resolution, duly adopted on July 28, 1976, as supplemented and amended (Bond Resolution), providing for the issuance of its water and sewerage revenue bonds. The Forecast Statement, together with the Summary of Significant Forecast Assumptions, which is included as an integral part of the forecast, constitutes the "Feasibility Evaluation" for the proposed capital projects and bond financing.

In our opinion, the accompanying Forecast Statement is presented in conformity with industry guidelines for presentation of a forecast, and the underlying assumptions provide a reasonable basis for the County's forecast. Based upon the assumptions in our report, the estimated Revenues provide adequate funds to maintain debt service coverage ratios during the forecast period as required by the Rate Covenant, and address the requirements for issuing additional parity indebtedness (the Parity Bonds Test) to support the issuance of the County's proposed Water and Sewerage Revenue Bonds, Series 2016 (Series 2016 Bonds). However, there will usually be differences between the forecast and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Raftelis Financial Consultants, Inc.

Charlotte, NC
August 16, 2016

By: Bart Kreps
Senior Manager

Paulding County, Georgia
Water and Sewer Utility System
Forecast Statement of Revenues, Expenses, Debt, & Debt Service Coverage
Fiscal Year Ending June 30

Line No.	Description	FY 2016 Estimate	FY 2017 Forecast	FY 2018 Forecast	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast
Revenue Fund							
User Charges (1)							
1.	Water User Charges	\$ 22,839,888	\$ 24,695,829	\$ 27,092,782	\$ 29,699,415	\$ 32,535,775	\$ 35,482,535
2.	Sewer User Charges	5,400,615	5,796,035	6,198,819	6,627,355	7,083,288	7,533,206
3.	<i>Subtotal: User Charge Revenue</i>	<u>28,240,503</u>	<u>30,491,864</u>	<u>33,291,601</u>	<u>36,326,770</u>	<u>39,619,063</u>	<u>43,015,741</u>
Other Operating Revenue							
4.	Water Penalties	\$ 621,399	\$ 621,399	\$ 621,399	\$ 621,399	\$ 621,399	\$ 621,399
5.	Miscellaneous Revenue (2)	748,819	749,242	749,670	750,101	750,537	750,978
6.	<i>Subtotal: Miscellaneous Operating Revenue</i>	<u>1,370,218</u>	<u>1,370,641</u>	<u>1,371,069</u>	<u>1,371,500</u>	<u>1,371,936</u>	<u>1,372,377</u>
7.	<i>Total Operating Revenue</i>	\$ <u>29,610,721</u>	\$ <u>31,862,505</u>	\$ <u>34,662,670</u>	\$ <u>37,698,271</u>	\$ <u>40,990,999</u>	\$ <u>44,388,118</u>
Other Non-Operating Revenue							
8.	Line Maintenance Fees	\$ 815,978	\$ 827,710	\$ 839,670	\$ 851,863	\$ 864,294	\$ 876,969
9.	Interest Earned	33,872	33,872	33,872	33,872	33,872	33,872
10.	Rental Income	2,904	2,904	2,904	2,904	2,904	2,904
11.	<i>Total Non-Operating Revenue</i>	\$ <u>852,754</u>	\$ <u>864,486</u>	\$ <u>876,446</u>	\$ <u>888,639</u>	\$ <u>901,070</u>	\$ <u>913,745</u>
12.	Total Revenue	\$ 30,463,475	\$ 32,726,991	\$ 35,539,116	\$ 38,586,910	\$ 41,892,070	\$ 45,301,863
Operating Expenses							
13.	Water Purchases (3)	\$ (11,943,815)	\$ (12,513,802)	\$ (13,150,797)	\$ (13,799,281)	\$ (14,448,167)	\$ (15,107,105)
14.	Personnel	(3,835,692)	(3,996,400)	(4,141,252)	(4,291,698)	(4,447,967)	(4,610,300)
15.	Other Operating Expenses (4)	(5,700,462)	(5,530,400)	(5,696,312)	(5,867,201)	(6,043,217)	(6,224,514)
16.	Richland Creek O&M (5)	-	-	(356,448)	(734,282)	(2,792,691)	(2,876,472)
17.	<i>Total Operating Expense</i>	<u>(21,479,969)</u>	<u>(22,040,602)</u>	<u>(23,344,809)</u>	<u>(24,692,462)</u>	<u>(26,693,037)</u>	<u>(28,818,491)</u>
18.	Net Rev. Available for Debt Service	\$ 8,983,506	\$ 10,686,390	\$ 12,194,307	\$ 13,894,448	\$ 15,297,963	\$ 16,483,372
Existing Debt							
19.	Senior Debt - Revenue Bonds	\$ 4,834,944	\$ 4,326,347	\$ 4,346,584	\$ 4,337,398	\$ 3,409,425	\$ 2,122,375
20.	Subordinate Debt - GEFA Loans	345,194	345,194	345,194	345,194	345,194	345,194
21.	<i>Subtotal: Existing Debt</i>	\$ <u>5,180,138</u>	\$ <u>4,671,540</u>	\$ <u>4,691,778</u>	\$ <u>4,682,592</u>	\$ <u>3,754,619</u>	\$ <u>2,467,569</u>
Future Debt (6)							
22.	Senior Debt - Series 2016 Bonds	\$ -	\$ 321,788	\$ 465,241	\$ 465,246	\$ 4,330,325	\$ 7,119,600
23.	Subordinate Debt - GEFA Loans	-	-	-	-	-	2,579,656
24.	<i>Subtotal: Future Debt</i>	\$ <u>-</u>	\$ <u>321,788</u>	\$ <u>465,241</u>	\$ <u>465,246</u>	\$ <u>4,330,325</u>	\$ <u>9,699,256</u>
25.	Total Debt Service	\$ 5,180,138	\$ 4,993,328	\$ 5,157,019	\$ 5,147,838	\$ 8,084,944	\$ 12,166,825
26.	Senior Debt Service Coverage (7) (Line 18/ (Line 19 + Line 22))	1.86	2.30	2.53	2.89	2.49	2.99
27.	Total Debt Service Coverage (Line 18/Line 25)	1.73	2.14	2.36	2.70	2.39	2.27
Other Expenditures							
28.	Rate Funded Capital (PAYGO) (8)	\$ 1,808,128	\$ 5,693,061	\$ 7,037,288	\$ 8,746,610	\$ 6,630,000	\$ 10,775,000
29.	Budgeted Reserve Contributions	1,995,240	-	-	-	4,590,572	4,659,047
30.	<i>Total Other Expenditures</i>	\$ <u>3,803,368</u>	\$ <u>5,693,061</u>	\$ <u>7,037,288</u>	\$ <u>8,746,610</u>	\$ <u>11,220,572</u>	\$ <u>15,434,047</u>
31.	Revenue Fund Surplus/(Deficit)	\$ -	\$ (0)	\$ -	\$ -	\$ -	\$ -
Renewal and Extension Fund							
32.	Beginning Fund Balance	\$ 34,460,108	\$ 36,455,348	\$ 29,873,409	\$ 25,682,179	\$ 23,175,269	\$ 27,765,841
33.	Revenue Fund Surplus/(Deficit)	-	(0)	-	-	-	-
34.	Budgeted Contributions	1,995,240	-	-	-	4,590,572	4,659,047
35.	Transfers (To)/From Sinking Fund	-	-	-	-	-	-
36.	Transfers (To)/From Capital Projects	-	(6,581,939)	(4,191,230)	(2,506,910)	-	-
37.	Ending Fund Balance	\$ 36,455,348	\$ 29,873,409	\$ 25,682,179	\$ 23,175,269	\$ 27,765,841	\$ 32,424,888

Notes to the Forecast Statement:

- 1) User charge revenues in FY 2016 are based on estimated actual results. User charge revenues in FY 2017 through FY 2021 are calculated based on projected customer information and demand and approved increases in the user rates and charges for water and sewer service. See additional information in Sections 4, 5 and 6.
- 2) Miscellaneous revenues include revenues from water tap fees, water reuse charges, sewer upgrades, and other miscellaneous revenues. Revenues from water tap fees are assumed to increase based on the projected growth in new customers connecting to the system. All other miscellaneous revenues are assumed to remain flat over the forecast period. See additional information in Section 6.
- 3) The projected cost of purchased water assumes a 4.0% annual increase in the wholesale rate charged by the Cobb County Marietta Water Authority (CCMWA) and a 1.0% annual increase in demand. It is assumed the Richland Creek Reservoir, water treatment plant, and transmission system (Richland Creek Water Supply Program) will commence production in FY 2020 and will be able to service approximately 60% of the County's water demand during the initial year. By FY 2021, it is assumed the Richland Creek Water Supply Program will service 85% of the County's water demand with the remaining 15% purchased from CCMWA to address peak water demand.
- 4) Includes all other water and sewer operating and maintenance (O&M) expenses associated with the existing utility system.
- 5) Estimated incremental O&M costs for the Richland Creek Water Supply program are based on estimates provided by the engineering firm ARCADIS U.S., Inc. in their Master Planning and Basis of Design study for the Richland Creek Water Supply Program (August 2014).
- 6) Future debt includes the Series 2016 Bonds and four additional loans from the Georgia Environmental Finance Authority (GEFA) which will be used to finance a portion of the Richland Creek Water Supply Program. The Series 2016 Bonds include \$134.2 million in funding while the combined amount of the GEFA loans is \$64.9 million. The specific financing terms and conditions are described in Sections 9 and 10. Additionally, \$15 million in funding for transmission system components will be provided through the State of Georgia's Direct Investment (SDI) program which is effectively a grant provided that certain stipulations are met.
- 7) As outlined in the Rate Covenant in the Bond Resolution, the County has agreed to place into effect a schedule of rates, fees and charges for the services, facilities and commodities furnished by its System to produce funds sufficient to (i) operate and maintain the System on a sound businesslike basis; (ii) maintain the Sinking Fund in amounts sufficient to pay 1.10 times the principal of and interest on the Bonds as the same become due and payable in the then current sinking fund year; (iii) create and maintain the Debt Service Reserve in the amount required in the Bond Resolution; and (iv) create and maintain the Renewal and Extension Fund in the amount required in the Bond Resolution. For the purpose of demonstrating compliance with section ii above, the projected net revenues available for debt service, or projected amounts available for deposit into the Sinking Fund, are divided by the sum of principal and interest on both the existing Bonds and the proposed Series 2016 Bonds.
- 8) Represents annual funding from current Revenues for capital improvements as identified in the County's capital improvement plan. See Section 8 for additional information.
- 9) Represents annual funding from the Renewal and Extension Fund for capital improvements. as identified in the County's capital improvement plan. See Section 8 for additional information.

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1. BASIS OF PRESENTATION

Raftelis Financial Consultants, Inc. (RFC) has been engaged by Paulding County, Georgia (County) to evaluate the financial feasibility of proposed improvements to its water and sewer utility systems (System). The opinion letter to the County is based on the Forecast Statement of Revenues, Expenses, Debt Service, and Debt Service Coverage (Forecast Statement) and the Summary of Significant Forecast Assumptions (taken together, the Feasibility Evaluation) which presents, to the best of the County's knowledge and belief, based upon available information, the expected revenues, expenses, debt service, and debt service coverage for the County's System during the forecast period.

All schedules in the Forecast Statement have been presented in accordance with the County's annual accounting cycle, based upon its fiscal year beginning July 1 and ending June 30 (Fiscal Year or FY). The Forecast Statement reflects the County's judgment as of August 16, 2016, the date of this Forecast Statement, of the anticipated conditions and the County's expected course of action during each of the six fiscal years ending June 30th, 2016 through June, 30th 2021.

The Feasibility Evaluation will be included as a part of the Official Statement, as an appendix within the Engineering Report¹, for the County's Water and Sewerage Revenue Bonds, Series 2016 (Series 2016 Bonds), which are the ninth series of Bonds to be issued under the County's Bond Resolution, duly adopted on July 28, 1976, as supplemented and amended (Bond Resolution). The Series 2016 Bonds will be used to finance a significant portion of the Richland Creek Water Supply Program and to refund a portion of the County's outstanding Series 2009 Bonds and Series 2009A Bonds. Section 9 provides a summary of the sources and uses of the Series 2016 Bonds.

The Feasibility Evaluation has been based upon cost, operating, demographic and other relevant information provided by the County and the debt service schedules provided to the County by their Financial Advisor, Raymond James & Associates, Inc. The Feasibility Evaluation is presented in conformity with the methodology for calculating debt service coverage prescribed in the Bond Resolution. The definitions of capitalized terms not specifically provided in this document are provided in the Bond Resolution.

The Bond Resolution sets forth a Rate Covenant which states that the County has agreed to place in effect a schedule of rates, fees and charges for the services, facilities and commodities furnished by its System to produce funds sufficient to (i) operate and maintain the System on a sound businesslike basis; (ii) maintain the Sinking Fund in amounts sufficient to pay 1.10 times the principal of and interest on the Bonds as the same become due and payable in the then current sinking fund year; (iii) create and maintain a debt service reserve in the amount required in the Bond Resolution; and (iv) create and maintain the Renewal and Extension Fund in the amount required in the Bond Resolution.

¹ The feasibility evaluation is included as an appendix within the Engineering Report developed by Brown and Caldwell. The Engineering Report has been included in the Official Statement for the Series 2016 Bonds.

The Series 2016 Bonds will be issued on parity with the County's outstanding Bonds for the System. The other existing debt on the System includes current and future loans from the Georgia Environmental Finance Authority (GEFA). GEFA loans are not included in calculating coverage ratios for the Rate Covenant addressed in the Bond Resolution, but a coverage ratio for total debt service, including the GEFA loans, is calculated in the Forecasted Statement for information purposes.

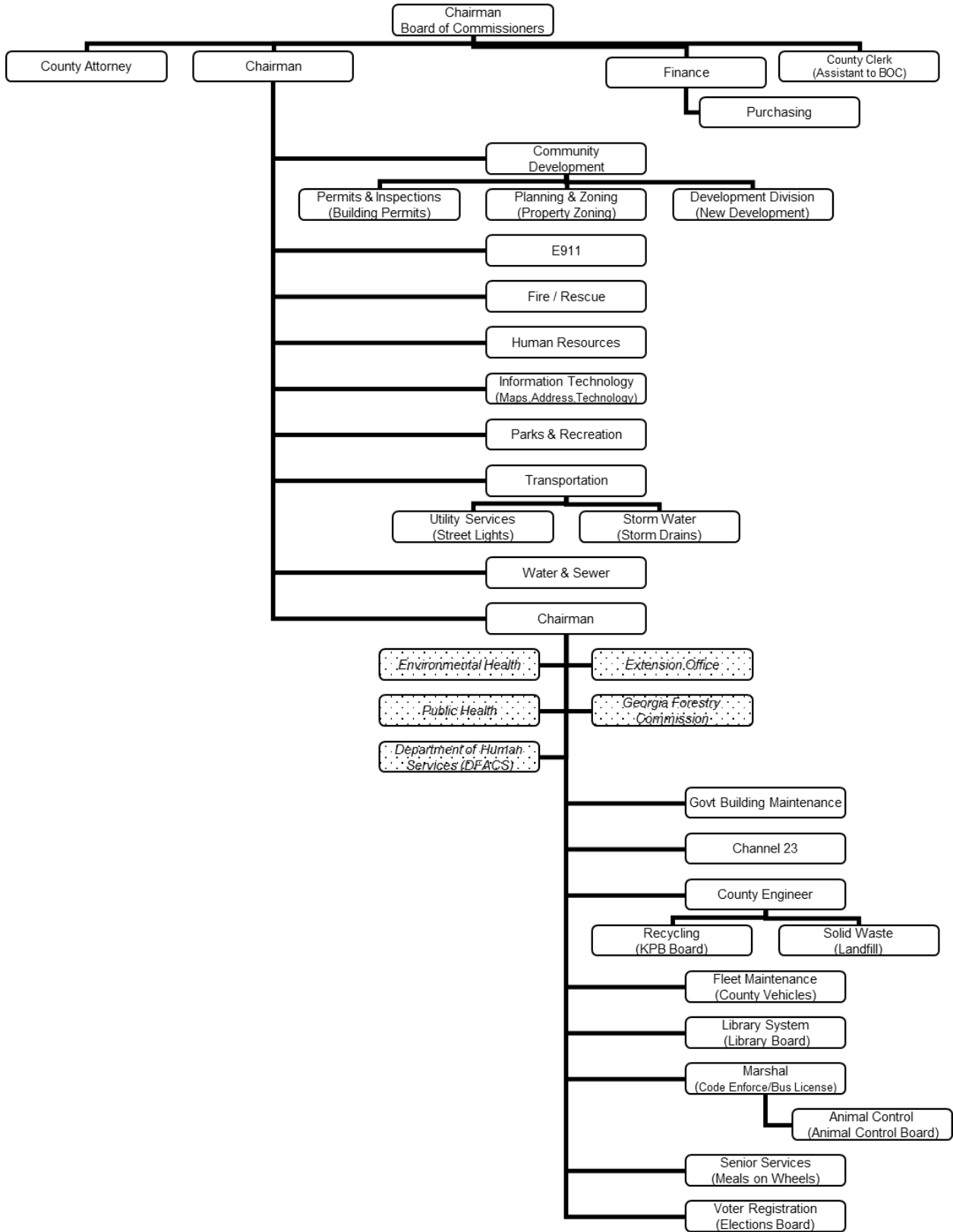
In the Forecast Statement, the forecasts of revenues and expenses are prepared on a cash basis consistent with the County's budgeting process for the System, and are adjusted to meet the specific requirements of the coverage tests identified in the Bond Resolution. Compliance with the Rate Covenant is demonstrated on the Forecast Schedule under the heading Senior Debt Service Coverage. Since the ratio calculated using Net Revenues Available for Debt Service is significantly greater than 1.10 times the principal of and interest on the Bonds in each year of the forecast, and since it is assumed that these net revenues would be available for deposit annually into the Sinking Fund, which is used by the County to pay debt service (principal and interest), the requirements of the coverage test are met for the forecast period.

The assumptions disclosed herein are those that the County believes are significant to the forecast. There will usually be differences between forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

2. SCOPE OF OPERATIONS

The County is located in northwest Georgia, a part of the Atlanta Metropolitan Area, with an estimated population of over 150,000. Policymaking and legislative authority are vested in the governing authority, consisting of a five-member Board of Commissioners (Board), including a full-time Chairman. The Board Chairman is elected at large, while the four other members are elected by district. All members serve four-year, staggered terms. The Board is responsible for, among other things, adopting ordinances and budgets, appointing committees, and confirming department heads. The Chairman is the chief executive and is responsible for carrying out policies and ordinances of the Board and for appointing the heads of the County's departments. The Chairman is responsible for the daily operations of County functions in accordance with policies of the Board of Commissioners. Water and sewer services are managed as a separate department. Figure 1 provides an organizational chart for the County government.

Figure 1: Paulding County, GA Organization Chart



The County provides water service to a population of over 140,000 and sewer services to an estimated population of 33,000. Along with water and sewer, the County provides a number of other services which include law enforcement and fire protection; construction and maintenance of roads, streets, bridges, and infrastructure; solid waste; and recreational and cultural activities.

WATER SERVICES

Water service is provided to approximately 45,000 customer accounts through 975 miles of water mains. The water system serves all unincorporated areas of the County, except for small areas served by the City of Dallas and the City of Hiram. The County currently purchases potable water on a wholesale basis from CCMWA at a cost of \$3.09 per thousand gallons (kgal). Additionally, the County provides wholesale water to the City of Dallas, the City of Hiram, and Polk County at a municipal rate pursuant to a Water Purchase Contract, dated July 18, 1979.

The County has begun construction on a new water reservoir and the related treatment and transmission infrastructure, known collectively as the Richland Creek Water Supply Program. The Richland Creek Water Supply Program will ultimately replace the County's current need to purchase water on a wholesale basis and eventually supply up to 36 million gallons per day (MGD) of potable water. The Richland Creek Water Supply Program will also help reduce overall dependence on Lake Allatoona as the regional source for drinking water. The Richland Creek Water Supply Program is described further in Section 3 of this evaluation, and in detail within Section 3 of the Engineering Report.

SEWER SERVICES

The County's sewer system consists of three wastewater treatment plants with a total capacity of 4.8 MGD. The system maintains over 290 miles of gravity and force mains, 43 lift stations, and approximately 30 miles of reuse mains that distribute reclaimed wastewater (non-potable) for irrigation purposes.

REGULATIONS

The operation of the County's water and sewer facilities is regulated by the United States Environmental Protection Agency (EPA) and the Georgia Environmental Protection Division of the Department of Natural Resources (EPD). The water and sewer projects identified in the capital improvement plan (CIP) have been designed by the County to be in compliance with all appropriate regulations and to address the water and sewer requirements of the County's service area. Even though federal and state environmental legislation and regulation are constantly evolving, management does not anticipate regulatory changes that will require additional capital costs to maintain operating permits during the forecast period, or that will otherwise have a material impact on the construction cost of the projects to be funded by the Series 2016 Bonds or other financings.

The County is currently in compliance with all Federal and State environmental legislation and regulations, and necessary measures are being taken in an effort to ensure that the State's Environmental Protection Division standards for discharge and non-discharge are met in the future.

Management has indicated that the County is proactive in addressing regulatory issues and maintains water and sewer master planning documents.



3. RICHLAND CREEK WATER SUPPLY PROGRAM

The Richland Creek Reservoir (RCR) is part of the Richland Creek Water Supply Program. The RCR is a new 305-acre reservoir that, once complete, will store up to three billion gallons of drinking water to supply existing and future residents of the County. Located on approximately 700 acres of County-owned land in northern Paulding County, plans for the development of the Richland Creek Water Supply Program include construction of a reservoir, a raw water intake and pump station, a raw water pipeline, a new water treatment plant, and transmission system improvements. The Richland Creek Water Supply Program will create an independent water supply for the County making it unnecessary to rely on CCMWA as the sole water provider.

In 2014, the County engaged RFC in association with Brown and Caldwell Engineers, to develop a financial and economic feasibility analysis of the Richland Creek Water Supply Program. The analysis included a detailed examination and evaluation of capital investments required to implement the Richland Creek Water Supply Program to determine the most advantageous strategy for financing and delivering the project, while also assessing the expected impact on County customers. Operating and capital costs were provided by ARCADIS U.S., Inc., in the Master Planning and Basis of Design for the Richland Creek Water Supply Program². The results of the analysis indicated that construction of the program would provide significant long-term savings to the County and its customers.

In 2015, RFC completed a detailed financial planning analysis to determine the estimated impacts of the Richland Creek Water Supply Program funding and construction on the utility water rates. This analysis incorporated updated cost estimates for the Richland Creek Water Supply Program and recommended increases in water rates over the next five years to support the cost of financing the project. However, once complete, it is anticipated that water rates and charges would be adequate to support continued operations without significant additional rate increases, and County customers would no longer be subject to potential future increases that could be imposed by CCMWA.

Funding for the Richland Creek Water Supply Program will be obtained through a combination of low interest loans provided by the Georgia Environmental Finance Authority (GEFA), funding provided through the State of Georgia's Direct Investment (SDI) program, a grant from the EPA, and utility revenue bonds. The RCR is one of four new reservoir projects receiving funding from GEFA's Governor's Water Supply Program (GWSP). Although GEFA has provided funding through the GWSP, the County maintains control over project development, implementation, and operation.

² Paulding County Richland Creek Reservoir Water Treatment Plant – Master Plan and Basis of Design Report (August 2014)

4. DEMAND FOR SERVICES

As described in Section 1 of the Paulding County Water Supply Study, and as reflected in the 404 Permit Application, the Forecast of Water Needs indicates that by 2050, the County's water demand will reach 24 MGD. As the County's current average day demand is around 10 MGD, the County is expecting significant growth to be accommodated by the Richland Creek Water Supply Program.

A review of historical billing data revealed that over the last five years, account and demand growth for water has been relatively low, while sewer demand has been increasing steadily. Specifically, the number of water customers increased at an annual compounded rate of 1.4% from FY 2011 through FY 2015. Over the same time period, billable water consumption remained relatively flat; and would have actually shown a decrease if not for a 4.2% increase from FY 2014 to FY 2015. Due to its smaller size, the sewer utility has experienced more significant growth in both accounts and consumption over the past five years. Similar to the water utility, a larger portion of this growth has come more recently, which is likely the result of increased development and the expansion of sewer service.

Water and sewer customer accounts and billable demand have been forecasted with FY 2015 serving as the base year. For water, and in an effort to be conservative, customer accounts and billable demand for all customer classes (Residential, Commercial, Irrigation, and Municipal) have been forecasted to increase at 1% annually over the forecast period (FY 2016 – FY 2021). For sewer, due to the smaller size in the system and the likelihood of new customers joining as both water and sewer customers, Residential, Commercial, and City of Dallas customers and billable demand has been projected to increase at 2.5% annually over the forecast period.

The following tables, Table 1 and Table 2, show a summary of the historical and projected number of customer bills and corresponding water and sewer usage, based on detailed billing data provided by County staff, for the forecast period.

Table 1: Historical Customer Billing Data

Description	FY 2011 <i>Actual</i>	FY 2012 <i>Actual</i>	FY 2013 <i>Actual</i>	FY 2014 <i>Actual</i>	FY 2015 <i>Actual</i>
Historical Customer Demand					
<u>Customer Bills</u>					
Water					
Residential	476,752	478,156	482,335	490,311	502,488
Commercial	11,672	12,061	12,411	12,900	13,219
Irrigation	2,422	2,579	2,694	2,742	2,827
Municipal	463	457	482	491	480
<i>Total: Water Bills</i>	491,309	493,253	497,922	506,444	519,014
<i>% Change</i>		0.4%	0.9%	1.7%	2.5%
Sewer					
Residential	89,547	90,876	92,319	96,552	104,778
Commercial	4,133	4,226	4,431	4,606	4,772
Irrigation	24	24	24	26	24
City of Dallas (1)	4,934	5,022	5,192	5,269	5,335
<i>Total: Sewer Bills</i>	98,638	100,148	101,966	106,453	114,909
<i>% Change</i>		1.5%	1.8%	4.4%	7.9%
<u>Customer Usage (kgal)</u>					
Water					
Residential	2,312,413	2,263,728	2,249,046	2,175,768	2,254,236
Commercial	351,061	339,807	356,312	350,991	355,946
Irrigation	24,367	38,931	29,539	19,913	30,246
Municipal	205,924	216,111	188,682	167,193	187,455
<i>Total: Water Usage</i>	2,893,764	2,858,576	2,823,578	2,713,865	2,827,884
<i>% Change</i>		-1.2%	-1.2%	-3.9%	4.2%
Sewer					
Residential	433,564	442,397	432,923	432,345	480,737
Commercial	147,806	152,676	163,024	173,215	175,761
City of Dallas (1)	21,224	21,441	21,965	21,623	22,138
<i>Total: Sewer Usage</i>	602,594	616,514	617,912	627,184	678,636
<i>% Change</i>		2.3%	0.2%	1.5%	8.2%

(1) Paulding County bills approximately 415 sewer customers for the City of Dallas. The County passes through 90% of the billings they collect to the City of Dallas. The revenue is included as a source of revenue with a corresponding expense recognized in sewer treatment costs.

Table 2: Projected Customer Billing Data

Description	FY 2016 Estimate	FY 2017 Forecast	FY 2018 Forecast	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast
Projected Customer Demand						
<u>Customer Bills</u>						
Water						
Residential	521,243	526,456	531,720	537,038	542,408	547,832
Commercial	13,712	13,850	13,988	14,128	14,269	14,412
Irrigation	2,933	2,962	2,991	3,021	3,052	3,082
Municipal	498	503	508	513	518	523
<i>Total: Water Bills</i>	<u>538,386</u>	<u>543,770</u>	<u>549,208</u>	<u>554,700</u>	<u>560,247</u>	<u>565,849</u>
<i>% Change</i>		1.0%	1.0%	1.0%	1.0%	1.0%
Sewer						
Residential	113,379	116,214	119,119	122,097	125,149	128,278
Commercial	5,164	5,293	5,425	5,561	5,700	5,842
Irrigation	24	24	24	24	24	24
City of Dallas (1)	5,773	5,917	6,065	6,217	6,372	6,532
<i>Total: Sewer Bills</i>	<u>124,340</u>	<u>127,448</u>	<u>130,633</u>	<u>133,898</u>	<u>137,245</u>	<u>140,676</u>
<i>% Change</i>		2.5%	2.5%	2.5%	2.5%	2.5%
<u>Customer Usage (kgal)</u>						
Water						
Residential	2,338,376	2,361,759	2,385,377	2,409,231	2,433,323	2,457,656
Commercial	369,232	372,924	376,654	380,420	384,224	388,067
Irrigation	31,375	31,689	32,006	32,326	32,649	32,976
Municipal	194,452	196,397	198,361	200,344	202,348	204,371
<i>Total: Water Usage</i>	<u>2,933,435</u>	<u>2,962,769</u>	<u>2,992,397</u>	<u>3,022,321</u>	<u>3,052,544</u>	<u>3,083,070</u>
<i>% Change</i>		1.0%	1.0%	1.0%	1.0%	1.0%
Sewer						
Residential	520,200	533,205	546,535	560,199	574,203	588,559
Commercial	190,189	194,943	199,817	204,812	209,933	215,181
City of Dallas (1)	23,956	24,554	25,168	25,798	26,442	27,104
<i>Total: Sewer Usage</i>	<u>734,344</u>	<u>752,703</u>	<u>771,520</u>	<u>790,808</u>	<u>810,578</u>	<u>830,843</u>
<i>% Change</i>		2.5%	2.5%	2.5%	2.5%	2.5%

(1) Paulding County bills approximately 415 sewer customers for the City of Dallas. The County passes through 90% of the billings they collect to the City of Dallas. The revenue is included as a source of revenue with a corresponding expense recognized in sewer treatment costs.

5. RATES & CHARGES

The County maintains separate rates and charges for water and sewer customers.

EXISTING RATES

The County's existing water rate structure consists of both fixed charges and volumetric rates that vary by customer class. All customers pay a fixed monthly base charge that does not vary by meter size but is different for each customer class. The County's volumetric rates, assessed per thousand gallons (kgal), consist of a three-tier increasing block rate structure for Residential customers while Commercial and Irrigation usage is billed at uniform rates. The County's sewer rates and charges are billed on a more simplistic structure. Residential and Commercial customers pay a different fixed monthly base charge but are assessed a single uniform volumetric rate for all sewer usage (as measured by metered water usage). Table 3 presents the existing rates for the County, effective as of January 1, 2016.

Table 3: Existing Rates

Water Rates	CY 2016 Actual	Sewer Rates	CY 2016 Actual
<u>Residential</u>		<u>Residential</u>	
Monthly Base Charge	\$ 5.00	Monthly Base Charge	\$ 2.00
Volumetric Rate (Tier)		Volumetric Rate (per kgal)	7.16
Tier 1 0 - 8kgal	7.16		
Tier 2 8 - 16 kgal	7.87	<u>Commercial</u>	
Tier 3 > 16 kgal	8.59	Monthly Base Charge	\$ 5.00
		Volumetric Rate (per kgal)	7.16
<u>Commercial</u>			
Monthly Base Charge	\$ 8.00		
Volumetric Rate (per kgal)	7.16		
<u>Irrigation</u>			
Monthly Base Charge	\$ 8.00		
Volumetric Rate (per kgal)	7.87		
<u>Wholesale</u>			
Volumetric Rate (per kgal)	\$ 3.99		

RATE FORECAST

On February 23, 2016, the Paulding County Board of Commissioners approved a five-year program of rate increases, to begin on January 1, 2017, to support the cost of financing the Richland Creek Water Supply Program as well as other capital improvements to the water distribution and sewer collection system. The program of rate increases includes a 4.75% annual increase in water volumetric rates in addition to annual rate increases from CCMWA. In September 2013, CCMWA

adopted a 5-year rate program to increase wholesale water rates 4.0% annually through FY 2018. It is assumed CCMWA will continue to increase rates by 4.0% from FY 2019 through FY 2021. As a result, the Financial Forecast assumes an 8.75% annual increase in water volumetric rates over the forecast period. It should be noted that increases in monthly fixed water charges were set separately using rounded increases scheduled in FY 2017, FY 2019, and FY 2021.

The County also adopted a 4.0% annual increase in sewer volumetric rates over the forecast period. The 4.0% increase will support projects associated with the growing utility service area including line extensions, system capacity upgrades, and other related projects. Monthly fixed sewer charges were increased similarly to fixed water charges with rounded increases in FY 2017 and FY 2019.

Table 4 identifies the actual rates for CY 2016 and the approved rate increases for CY 2017 – CY 2021.

Table 4: Rate Forecast

Description	CY 2016 <i>Actual</i>	CY 2017 <i>Approved</i>	CY 2018 <i>Approved</i>	CY 2019 <i>Approved</i>	CY 2020 <i>Approved</i>	CY 2021 <i>Approved</i>
Water						
<u>Residential</u>						
Monthly Base Charge	\$ 5.00	\$ 6.00	\$ 6.00	\$ 7.00	\$ 7.00	\$ 7.50
Volumetric Rate (Tier)						
Tier 1 0 - 8kgal	7.16	7.79	8.47	9.21	10.02	10.90
Tier 2 8 - 16 kgal	7.87	8.56	9.31	10.12	11.01	11.97
Tier 3 > 16 kgal	8.59	9.34	10.16	11.05	12.02	13.07
<u>Commercial</u>						
Monthly Base Charge	\$ 8.00	\$ 9.00	\$ 9.00	\$ 10.00	\$ 10.00	\$ 10.50
Volumetric Rate (per kgal)	7.16	7.79	8.47	9.21	10.02	10.90
<u>Irrigation</u>						
Monthly Base Charge	\$ 8.00	\$ 9.00	\$ 9.00	\$ 10.00	\$ 10.00	\$ 10.50
Volumetric Rate (per kgal)	7.87	8.56	9.31	10.12	11.01	11.97
<u>Wholesale</u>						
Volumetric Rate (per kgal)	\$ 3.99	\$ 4.15	\$ 4.31	\$ 4.49	\$ 4.67	\$ 4.85
Sewer						
<u>Residential</u>						
Monthly Base Charge	\$ 2.00	\$ 2.50	\$ 2.50	\$ 3.00	\$ 3.00	\$ 3.00
Volumetric Rate (per kgal)	7.16	7.45	7.75	8.06	8.38	8.72
<u>Commercial</u>						
Monthly Base Charge	\$ 5.00	\$ 5.50	\$ 5.50	\$ 6.00	\$ 6.00	\$ 6.00
Volumetric Rate (per kgal)	7.16	7.45	7.75	8.06	8.38	8.72
Annual Volumetric Rate Increases - Assumed						
<u>Water</u>						
CCMWA Increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Additional Increase	0.00%	4.75%	4.75%	4.75%	4.75%	4.75%
Total Volumetric Rate Increase	4.00%	8.75%	8.75%	8.75%	8.75%	8.75%
<u>Sewer</u>						
Volumetric Rate Increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

6. REVENUES

The County collects revenue from a number of different sources which are deposited into the Revenue Fund. Operating revenues consist primarily of revenues from retail water and sewer rates and charges. Other operating revenues include revenues from reuse charges, tap fees, penalties, and other miscellaneous charges. Non-operating revenues include primarily revenues from line maintenance fees and interest earnings. Revenues have been estimated for FY 2016 based on the projected number of customer accounts and usage and the rates in place during FY 2016. Since the approved rate increases occur on a calendar year basis, it is assumed that half of the FY 2016 usage (July 2015 – December 2015) is billed at the rates in place during CY 2015 and second half (January 2016 – June 2016) is billed at the CY 2016 rates. The remaining years of the forecast period (FY 2017 – FY 2021) have been estimated using the projected billable units of service and the future rates approved by the Board effective January 1 of each Fiscal Year.

USER CHARGE REVENUES

Operating revenues are generated primarily from the water and sewer user rates and charges assessed to retail customers. The general customer classes include residential, commercial, irrigation, and municipal use. Revenue from each of these customer classes has been forecasted using projected customer billing data over the study period and applying the annual adjustments to the user rates and charges approved by the Commission. Projected customer demand and usage includes billable water sales and the number of customers within each customer class.

OTHER OPERATING & NON-OPERATING REVENUES

In addition to user charge revenues, the County collects revenue from a number of other operating sources. The two most significant of these revenues are penalties and other miscellaneous revenues. Other operating revenue sources also include water tap fees, sewer upgrades, and revenue from reuse customers. Other operating revenue from these sources is projected based on FY 2016 estimated actual results with no annual increase over the forecast period.

Non-operating revenues consist primarily of line maintenance fees, interest earnings on reserves and other miscellaneous, non-operating sources. The County earns interest on two of its funds, the Renewal and Extension Fund and the Debt Service Reserve. For the purpose of this Financial Forecast, future interest earnings are based on estimated actual results in FY 2016 and remain flat over the forecast period. Miscellaneous, non-operating revenues include rental income and a number of different other sources. Table 5 presents projected revenues over the forecast period.

Table 5: Revenue Detail

Line No.	Description	FY 2016 Estimate	FY 2017 Forecast	FY 2018 Forecast	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast
Revenue Fund							
<u>Water User Charges</u>							
1.	Fixed Charge Revenue	\$ 2,739,376	\$ 3,038,403	\$ 3,343,137	\$ 3,653,662	\$ 3,970,063	\$ 4,151,095
2.	Volumetric Rate Revenue	19,342,359	20,858,451	22,910,401	25,164,212	27,639,742	30,358,801
3.	Municipal Use Revenue	758,153	798,975	839,243	881,541	925,970	972,639
4.	<i>Subtotal: Water Revenue</i>	<i>\$ 22,839,888</i>	<i>\$ 24,695,829</i>	<i>\$ 27,092,782</i>	<i>\$ 29,699,415</i>	<i>\$ 32,535,775</i>	<i>\$ 35,482,535</i>
<u>Sewer User Charges</u>							
5.	Fixed Charge Revenue	\$ 264,123	\$ 302,582	\$ 342,798	\$ 384,837	\$ 428,763	\$ 439,482
6.	Volumetric Rate Revenue	5,136,492	5,493,453	5,856,021	6,242,518	6,654,525	7,093,723
7.	<i>Subtotal: Sewer Revenue</i>	<i>\$ 5,400,615</i>	<i>\$ 5,796,035</i>	<i>\$ 6,198,819</i>	<i>\$ 6,627,355</i>	<i>\$ 7,083,288</i>	<i>\$ 7,533,206</i>
<u>Other Operating Revenues</u>							
8.	Reuse Water	\$ 3,060	\$ 3,060	\$ 3,060	\$ 3,060	\$ 3,060	\$ 3,060
9.	Water Tap Fees	42,317	42,740	43,168	43,599	44,035	44,476
10.	Water Penalties	621,399	621,399	621,399	621,399	621,399	621,399
11.	Miscellaneous Revenue	703,442	703,442	703,442	703,442	703,442	703,442
12.	Sewer Upgrades	-	-	-	-	-	-
13.	<i>Subtotal: Other Revenues</i>	<i>\$ 1,370,218</i>	<i>\$ 1,370,641</i>	<i>\$ 1,371,069</i>	<i>\$ 1,371,500</i>	<i>\$ 1,371,936</i>	<i>\$ 1,372,377</i>
<u>Other Non-Operating Revenues</u>							
14.	Line Maintenance Fees - Water	\$ 435,200	\$ 439,552	\$ 443,948	\$ 448,387	\$ 452,871	\$ 457,400
15.	Line Maintenance Fees - Reuse	85,578	85,578	85,578	85,578	85,578	85,578
16.	Line Maintenance Fees - Sewer	295,200	302,580	310,145	317,898	325,846	333,992
17.	Interest Earned	33,872	33,872	33,872	33,872	33,872	33,872
18.	Rental Income	2,904	2,904	2,904	2,904	2,904	2,904
19.	<i>Subtotal: Other Revenues</i>	<i>\$ 852,754</i>	<i>\$ 864,486</i>	<i>\$ 876,446</i>	<i>\$ 888,639</i>	<i>\$ 901,070</i>	<i>\$ 913,745</i>
20.	Total Revenue	\$ 30,463,475	\$ 32,726,991	\$ 35,539,116	\$ 38,586,910	\$ 41,892,070	\$ 45,301,863
	<i>% Change</i>		<i>7.4%</i>	<i>8.6%</i>	<i>8.6%</i>	<i>8.6%</i>	<i>8.1%</i>

7. OPERATING EXPENSES

Operating expenses represent normal, recurring expenses necessary to operate and maintain the System in good condition incurred during the County's annual accounting cycle. Fiscal Year ending June 30th. 2016 and 2017 operating expenses are based on the County's budget for each respective year. Operating expenses have been projected for the forecast period and are shown in Table 6.

Table 6: Operating Expenses

Line No.	Description	FY 2016 Budget	FY 2017 Budget	FY 2018 Forecast	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast
System Operating Expenses							
<u>Water Operating Expenses</u>							
1.	Water Purchases	\$ 11,943,815	\$ 12,513,802	\$ 13,150,797	\$ 13,799,281	\$ 9,302,678	\$ 3,989,705
2.	Salaries	1,901,059	1,986,100	2,045,683	2,107,053	2,170,265	2,235,373
3.	Fringe Benefits	898,997	853,700	896,385	941,204	988,264	1,037,678
4.	Miscellaneous Op. Expenses	2,875,877	2,675,000	2,755,250	2,837,908	2,923,045	3,010,736
5.	Additional Richland Creek O&M	-	-	356,448	734,282	2,792,691	2,876,472
6.	<i>Subtotal: Water Operating Expenses</i>	<u>\$ 17,619,747</u>	<u>\$ 18,028,602</u>	<u>\$ 19,204,563</u>	<u>\$ 20,419,728</u>	<u>\$ 18,176,944</u>	<u>\$ 13,149,964</u>
<u>Sewer Operating Expenses</u>							
7.	Salaries	\$ 703,131	\$ 762,300	\$ 785,169	\$ 808,724	\$ 832,986	\$ 857,975
8.	Fringe Benefits	332,506	394,300	414,015	434,716	456,452	479,274
9.	Sewer Expense	1,360,550	1,379,700	1,421,091	1,463,724	1,507,635	1,552,865
10.	Pumpkinevine Sewer Plant	647,536	671,200	691,336	712,076	733,438	755,442
11.	Coppermine Sewer Plant	718,879	691,500	712,245	733,612	755,621	778,289
12.	Sweetwater Sewer Plant	97,621	113,000	116,390	119,882	123,478	127,183
13.	<i>Subtotal: Sewer Operating Expenses</i>	<u>\$ 3,860,222</u>	<u>\$ 4,012,000</u>	<u>\$ 4,140,246</u>	<u>\$ 4,272,734</u>	<u>\$ 4,409,610</u>	<u>\$ 4,551,027</u>
14.	Total: Operating Expenses	\$ 21,479,969	\$ 22,040,602	\$ 23,344,809	\$ 24,692,462	\$ 22,586,554	\$ 17,700,991
	<i>% Change</i>		<i>2.6%</i>	<i>5.9%</i>	<i>5.8%</i>	<i>-8.5%</i>	<i>-21.6%</i>

PURCHASED WATER COSTS

The County's largest annual operating expense is water purchased from CCMWA. The current price charged by CCMWA to the County is \$3.09 per kgal, and the County currently purchases approximately 10 MGD annually. Based on the adopted CCMWA rates and assumed rate increases thereafter, wholesale water rate will increase by 4% annually through FY 2021. As discussed in Section 3 and Section 8, the Richland Creek Water Supply Program will create an independent water supply for the County which will eventually eliminate the need to rely on CCMWA for wholesale water. As described in Section 3 of the Engineering Report, the Richland Creek Water Supply Program is anticipated to be complete in the middle of FY 2020. Although the water treatment facility will have an initial production capacity of 18 MGD, the water transmission system will only be capable of delivering approximately 10.9 MGD of water on a maximum day initially, making it the limiting factor in terms of the County's available capacity in FY 2021. There will likely be several years when the County will still rely on CCMWA to maintain distribution system pressure requirements and meet peak water demand during certain periods of the year until the transmission system is augmented. For the purpose of this Feasibility Forecast, and in an effort to be conservative, it is assumed that the County will continue to purchase 15% of its water from CCMWA at an estimated peak rate through FY 2032. Additional improvements will be made after 2021 which will allow the County to supply all

of its water demand. In an effort to illustrate the additional capital costs required after 2021, a longer-term financial forecast has been provided in Section 12.

RICHLAND CREEK OPERATING EXPENSES

The Financial Forecast also reflects the incremental costs associated with operating the Richland Creek Water Supply Program. For the purpose of the Financial Feasibility Study, RFC was provided with personnel and other operating and maintenance costs identified in the 2014 Master Planning and Basis of Design for the Richland Creek Water Supply Program by ARCADIS U.S., Inc. In order to recognize the initial ramp-up in costs of hiring personnel to operate the plant once it is in production, RFC assumed that personnel costs would begin to be incurred beginning in FY 2018 and FY 2019. The full costs will be incurred beginning in FY 2020 once the plant is operational. These costs have been escalated annually by the escalation rates described below.

ALL OTHER OPERATING EXPENSES

In order to account for growing utility costs and inflation, cost escalation rates have been developed for all other system operating expenses. Salaries and employee benefits have been projected to increase at 3% and 5%, respectively, for both water and sewer. All other remaining costs have been escalated at 3%. The net impact of these cost escalation rates on the forecast period amounts to an annual increase in total operating costs of approximately 3.3%.

8. CAPITAL IMPROVEMENT PLAN

The County's Capital Improvement Plan (CIP) identifies the anticipated capital expenditures for both the water and sewer systems over the six-year forecast period. The CIP is broken out into three major categories: water distribution system projects, water supply and treatment (Richland Creek Water Supply Program) projects, and sewer system improvements. It should be noted the water distribution and sewer system capital improvement projects are tied to the level of growth assumed during the forecast period. Therefore, depending on actual customer growth, the timing of these capital projects may shift. The County's CIP and funding sources and uses are presented in Table 7 and Table 8, respectively.

Table 7: Capital Improvement Plan

Line No.	Description	FY 2016 Estimate	FY 2017 Forecast	FY 2018 Forecast	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast	Total
Water Distribution CIP								
1.	Macland Facility	\$ -	\$ 2,900,000	\$ -	\$ 2,300,000	\$ 2,300,000	\$ -	\$ 7,500,000
2.	Repaint Hiram Sudie Tank	-	70,000	-	-	-	-	70,000
3.	Repaint Union Tank	-	100,000	-	-	-	-	100,000
4.	Nebo Rd. and SR 61 GDOT Intersection Relocation	548,128	-	-	-	-	-	548,128
5.	Meter Replacement (2500 meters)	500,000	500,000	500,000	500,000	500,000	500,000	3,000,000
6.	Proposed PDOT Intersection Improvements	-	117,000	60,000	195,000	80,000	125,000	577,000
7.	Seven Hills Widening water main replacement	-	-	-	100,000	-	-	100,000
8.	East Paulding Drive Widening	-	-	-	-	-	100,000	100,000
12.	Cedarcrest Road Harmony Grove and Cobb - Line Relocation	-	-	-	-	200,000	2,000,000	2,200,000
13.	Highway 381 Bridges water line relocation	500,000	500,000	-	-	-	-	1,000,000
14.	New Tank at Shipp Road	-	400,000	4,100,000	-	-	-	4,500,000
15.	Mt Tabor Pressure Zone	-	463,000	1,318,518	4,118,520	340,000	-	6,240,038
16.	Macland Road DOT Relocation - 24" line	-	3,225,000	-	-	-	-	3,225,000
17.	SR 92 GDOT Relocation (Nebo Rd to Douglas County)	-	2,000,000	3,000,000	2,000,000	-	-	7,000,000
18.	SR 92 GDOT Relocation (Cobb County to Old Burnt Hickory)	-	-	-	-	-	300,000	300,000
19.	SR 92 GDOT Relocation (Old Burnt Hickory to Nebo Rd.)	-	-	-	-	1,000,000	5,000,000	6,000,000
21.	Mulberry Rock	-	-	-	140,000	1,260,000	-	1,400,000
22.	Union Loop	-	-	-	-	200,000	2,000,000	2,200,000
23.	Water line extensions	-	500,000	500,000	500,000	500,000	500,000	2,500,000
	<i>Subtotal: Water Distribution CIP</i>	\$ 1,548,128	\$ 10,775,000	\$ 9,478,518	\$ 9,853,520	\$ 6,380,000	\$ 10,525,000	\$ 48,560,166
Richland Creek Project Costs								
24.	Raw Water Intake / Pump Station	\$ 1,145,773	\$ 5,403,089	\$ 5,803,768	\$ 2,413,271	\$ -	\$ -	\$ 14,765,900
25.	Raw Water Pipelines	509,382	5,887,400	1,723,100	1,244,461	35,659	-	9,400,000
26.	Dam and Reservoir	2,317,518	23,571,707	25,439,637	7,868,541	1,123,593	-	60,320,996
27.	Water Treatment Plant and Reservoir PS	4,851,297	37,839,673	40,679,954	581,576	-	-	83,952,501
28.	Additional Finished Water Transmission Infrastructure	2,560,885	12,756,736	13,171,418	7,723,827	287,135	-	36,500,000
29.	Stream and Wetland Mitigation	3,000,000	3,000,000	4,000,000	-	-	-	10,000,000
30.	<i>Subtotal: Richland Creek Project Costs</i>	\$ 14,384,854	\$ 88,458,605	\$ 90,817,876	\$ 19,831,675	\$ 1,446,387	\$ -	\$ 214,939,397
Sewer CIP								
31.	Membrane Replacement	\$ 260,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 1,510,000
32.	Upgrade Rakestraw Lift Station	-	500,000	-	-	-	-	500,000
33.	Sewer Master Plan	-	250,000	-	-	-	-	250,000
34.	Replace Rakestraw FM	-	-	350,000	-	-	-	350,000
35.	Rehab Coppermine Headworks	-	200,000	1,150,000	1,150,000	-	-	2,500,000
36.	Stonewood Creek Outfall	-	300,000	-	-	-	-	300,000
36.	<i>Subtotal: Sewer Project Costs</i>	\$ 260,000	\$ 1,500,000	\$ 1,750,000	\$ 1,400,000	\$ 250,000	\$ 250,000	\$ 5,410,000
37.	Total: System CIP	\$ 16,192,982	\$ 100,733,605	\$ 102,046,394	\$ 31,085,195	\$ 8,076,387	\$ 10,775,000	\$ 268,909,563

WATER DISTRIBUTION PROJECTS

The County provided RFC with its current Water Distribution Capital Improvement Program (Water Distribution CIP). These projects, including meter replacements, line/main improvements, tank maintenance, etc., are strictly limited to the County's water distribution system. The Water Distribution CIP includes approximately \$48.56 million in future capital projects over the forecast period. The capital financing plan assumes all of the water distribution projects will be funded with

cash using a combination of rate revenues (PAYGO) and contributions from the Renewal and Extension Fund.

RICHLAND CREEK WATER SUPPLY PROGRAM

The Richland Creek Water Supply Program is the largest project in the CIP. A summary of the Richland Creek Water Supply Program is provided in Section 3 of this evaluation. A full detailed description of the project elements can be found in the Engineering Report in Section 3.1. The Richland Creek Water Supply Program will be financed with a combination of GEFA loans, Georgia SDI program funds, EPA grants, and proceeds from the Series 2016 Bonds.

SEWER SYSTEM IMPROVEMENTS

The County also provided RFC with the current Sewer CIP. As the County’s population continues to grow, demand for sewer services is expected to increase. Major elements to the Sewer CIP include expansions to the Pumpkinvine wastewater treatment facility, membrane replacements, and lift station upgrades. The Sewer CIP includes \$5.4 million in future capital projects over the forecast period. The capital financing plan assumes all of the sewer projects will be funded with cash using a combination of rate revenues (PAYGO) and contributions from the Renewal and Extension Fund.

Table 8: Capital Funding Sources and Uses

Line No.	Description	FY 2016 Estimate	FY 2017 Forecast	FY 2018 Forecast	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast	Total
CIP Funding Uses								
1.	Water Distribution Projects	\$ 1,548,128	\$ 10,775,000	\$ 9,478,518	\$ 9,853,520	\$ 6,380,000	\$ 10,525,000	\$ 48,560,166
2.	Richland Creek Water Supply Program	14,535,165	88,451,353	90,750,263	19,833,815	1,368,802	-	214,939,397
3.	Sewer System Projects	260,000	1,500,000	1,750,000	1,400,000	250,000	250,000	5,410,000
4.	<i>Total: CIP Funding Uses</i>	\$ 16,343,293	\$ 100,726,353	\$ 101,978,781	\$ 31,087,335	\$ 7,998,802	\$ 10,775,000	\$ 268,909,563
CIP Funding Sources								
5.	Series 2016 Bonds	\$ -	\$ 26,652,450	\$ 86,378,080	\$ 19,833,815	\$ 1,368,802	\$ -	\$ 134,233,147
6.	GEFA Loan (\$29.1M)	7,800,892	21,299,108	-	-	-	-	29,100,000
7.	GEFA Loan (\$21.6M)	-	21,600,000	-	-	-	-	21,600,000
8.	GEFA Loan (\$6M)	-	6,000,000	-	-	-	-	6,000,000
9.	GEFA Loan (\$8.2M)	5,934,273	2,271,977	-	-	-	-	8,206,250
10.	State Direct Investment	-	10,627,817	4,372,183	-	-	-	15,000,000
11.	EPA Grants	800,000	-	-	-	-	-	800,000
12.	Cash-Funded (PAYGO)	1,808,128	5,693,061	7,037,288	8,746,610	6,630,000	10,775,000	40,690,088
13.	Cash-Funded (Reserves)	-	6,581,939	4,191,230	2,506,910	-	-	13,280,078
14.	<i>Total: CIP Funding Sources</i>	\$ 16,343,293	\$ 100,726,353	\$ 101,978,781	\$ 31,087,335	\$ 7,998,802	\$ 10,775,000	\$ 268,909,563

As shown above in Table 8, the capital financing plan includes a combination of debt and equity funding. Debt financing includes funding from four GEFA loans and the Series 2016 Bonds. The specific terms of the GEFA loans are provided in Section 10. The County was also awarded \$15.0 million in SDI funding from the State of Georgia. The SDI funding is effectively a grant but includes certain stipulations that funding must be used for the transmission system components of the Richland Creek Water Supply Program. The County also secured a grant from the EPA (\$800 thousand) fund a portion of the Richland Creek Water Supply Program. As noted previously, the balance of funding for water distribution and sewer system projects is expected to be addressed through a combination of revenue financed capital (PAYGO) and cash reserves.



9. FINANCING PLAN

The County has worked with its financial advisors, consulting engineers, and other independent consultants (Financing Team) to evaluate various financing strategies for the CIP projects funded with the Series 2016 Bonds. The County has selected a financing plan designed to accomplish the following objectives:

- Conform with credit criteria established by rating agencies;
- Minimize debt service and related charges; and
- Provide funds as needed and in the most cost-effective manner.

The proceeds from the Series 2016 Bonds will be available in September 2016 and will be used fund capital projects and refund a portion of the County's outstanding Series 2009 Bonds and Series 2009A Bonds.

Table 9: Sources and Uses of Funds – Series 2016 Bonds ⁽¹⁾

Line No.	Description	Reservoir Projects	Refunding	Total
2016 Bonds Sources & Uses				
<u>Sources</u>				
1.	Par Amount	\$ 144,445,000	\$ 9,800,000	\$ 154,245,000
2.	Reoffering Premium	15,115,421	1,859,879	16,975,300
3.	Transfers from Prior Issue Debt Service	-	122,239	122,239
4.	<i>Total Bond Sources of Funds</i>	<u>\$ 159,560,421</u>	<u>\$ 11,782,118</u>	<u>\$ 171,342,539</u>
<u>Uses</u>				
5.	Deposit to Project Construction Fund	\$ 134,233,147	\$ -	\$ 134,233,147
6.	Deposit to Capitalized Interest Fund	18,885,570	-	18,885,570
7.	Deposit to Net Cash Escrow Fund	-	11,631,134	11,631,134
8.	Deposit to Debt Service Reserve	4,274,125	-	4,274,125
9.	Cost of Issuance	2,166,675	147,000	2,313,675
10.	Rounding	903	3,984	4,887
11.	<i>Total Bond Uses of Funds</i>	<u>\$ 159,560,421</u>	<u>\$ 11,782,118</u>	<u>\$ 171,342,539</u>

(1) Information provided by Raymond James, as Financial Advisor for the Series 2016 Bonds, on August 12, 2016 is preliminary and subject to change.

10. DEBT SERVICE OBLIGATIONS

The County’s existing capital structure includes both revenue bonds and a GEFA loan. In FY 2016, the County’s annual water and sewer debt service was approximately \$5.2 million. Outstanding debt obligations include three series of revenue bonds and a single GEFA loan, which are low interest loans issued through the Georgia State Revolving Fund. The County’s outstanding revenue bonds are considered senior debt and qualify as Bonds per the Bond Resolution. The existing GEFA loans are subordinate to the outstanding Bonds. The County’s existing debt service payments (principal and interest) are provided in Table 10.

Table 10: Existing Debt Service

Line No.	Description	FY 2016 Estimate	FY 2017 Forecast	FY 2018 Forecast	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast
Senior Debt							
<u>Water Revenue Bonds</u>							
1.	Series 2009	\$ 166,037	\$ 166,021	\$ 165,622	\$ 165,127	\$ 164,743	\$ 165,562
2.	Series 2009A	1,793,475	1,770,057	1,724,391	1,660,028	1,655,910	1,649,340
3.	Series 2012	277,368	280,748	303,297	325,143	322,868	323,960
4.	<i>Subtotal: Water Revenue Bonds</i>	<u>\$ 2,236,880</u>	<u>\$ 2,216,825</u>	<u>\$ 2,193,310</u>	<u>\$ 2,150,297</u>	<u>\$ 2,143,521</u>	<u>\$ 2,138,862</u>
<u>Sewer Revenue Bonds</u>							
5.	Series 2009	\$ 1,111,169	\$ 1,111,060	\$ 1,108,397	\$ 1,105,079	\$ 1,102,510	\$ 1,107,989
6.	Series 2009A	697,463	688,355	670,597	645,566	643,965	641,410
7.	Series 2012	789,432	799,052	863,229	925,407	918,932	922,040
8.	<i>Subtotal: Sewer Revenue Bonds</i>	<u>\$ 2,598,064</u>	<u>\$ 2,598,468</u>	<u>\$ 2,642,222</u>	<u>\$ 2,676,053</u>	<u>\$ 2,665,407</u>	<u>\$ 2,671,439</u>
9.	<i>Subtotal: Senior Debt</i>	<u>\$ 4,834,944</u>	<u>\$ 4,815,293</u>	<u>\$ 4,835,532</u>	<u>\$ 4,826,350</u>	<u>\$ 4,808,928</u>	<u>\$ 4,810,300</u>
Subordinate Debt							
10.	Existing GEFA Loan	\$ 345,194	\$ 345,194	\$ 345,194	\$ 345,194	\$ 345,194	\$ 345,194
11.	Total: Existing Debt Before Refunding	<u>\$ 5,180,138</u>	<u>\$ 5,160,487</u>	<u>\$ 5,180,726</u>	<u>\$ 5,171,544</u>	<u>\$ 5,154,122</u>	<u>\$ 5,155,494</u>
	<i>% Change</i>		<i>-0.4%</i>	<i>0.4%</i>	<i>-0.2%</i>	<i>-0.3%</i>	<i>0.0%</i>

Since the Series 2016 Bonds include both new money for capital projects and refunding a portion of existing debt obligations, the County’s debt profile will change significantly. Additionally, the issuance includes three years of capitalized interest to help mitigate the initial impact of the large issuance on the County’s rates. As noted previously, the County has secured four GEFA loans to finance a portion of the Richland Creek Water Supply Program. Table 11 presents the new debt service payments including the remaining portion of existing debt that will not be refunded, the new debt service associated with GEFA loans, and the new debt service associated with the Series 2016 Bonds.



Table 11: Future Debt Service

Line No.	Description	FY 2016 Estimate	FY 2017 Forecast	FY 2018 Forecast	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast
Existing Debt Service (After Refunding)							
1.	Senior Debt	\$ 4,834,944	\$ 4,326,347	\$ 4,346,584	\$ 4,337,398	\$ 3,409,425	\$ 2,122,375
2.	Subordinate Debt	345,194	345,194	345,194	345,194	345,194	345,194
3.	<i>Subtotal: Existing Debt</i>	<u>\$ 5,180,138</u>	<u>\$ 4,671,540</u>	<u>\$ 4,691,778</u>	<u>\$ 4,682,592</u>	<u>\$ 3,754,619</u>	<u>\$ 2,467,569</u>
Proposed Debt							
<u>Senior Debt</u>							
4.	Series 2016 Revenue Bonds	\$ -	\$ 321,788	\$ 465,241	\$ 465,246	\$ 4,330,325	\$ 7,119,600
<u>Subordinate Debt</u>							
<u>GEFA Loans</u>							
5.	GEFA Issue - \$29.1M	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,040,784
6.	GEFA Issue - \$21.6M	-	-	-	-	-	895,576
7.	GEFA Issue - \$6M	-	-	-	-	-	271,696
8.	GEFA Issue - \$8.2M	-	-	-	-	-	371,601
9.	<i>Subtotal: Subordinate Debt</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,579,656</u>
10.	<i>Subtotal: Proposed Debt</i>	<u>\$ 5,180,138</u>	<u>\$ 4,993,328</u>	<u>\$ 5,157,019</u>	<u>\$ 5,147,838</u>	<u>\$ 8,084,944</u>	<u>\$ 12,166,825</u>
11.	Total: Debt Service	\$ 5,180,138	\$ 4,993,328	\$ 5,157,019	\$ 5,147,838	\$ 8,084,944	\$ 12,166,825
	<i>% Change</i>		<i>-3.6%</i>	<i>3.3%</i>	<i>-0.2%</i>	<i>57.1%</i>	<i>50.5%</i>

As shown above in Table 11, the County has secured four GEFA loans to finance a portion of the Richland Creek Water Supply Program. The general terms and conditions of the new GEFA loans include:

- A \$29,100,000 loan at a rate of 1.82% with a term of 40 years. Loan draws commenced in the second half of FY 2016 with no interest accruing for three years after the initial draw. Interest will begin to accrue after three years but can be capitalized until the amortization commencement date, which is the earlier of the completion of the Richland Creek Reservoir Program or October 1, 2021. For the purpose of the Feasibility Forecast, one and a half years of capitalized interest is assumed with full principal and interest payments beginning in FY 2021.
- A \$21,600,000 loan at a rate of 1.4% with a term of 30 years. It is anticipated loans draws will commence in FY 2017 with no interest accruing for three years after the initial draw. Interest will begin to accrue after three years but can be capitalized until the amortization commencement date, which is the earlier of the completion of the Richland Creek Reservoir Program or October 1, 2021. For the purpose of the Feasibility Forecast, one and a half years of capitalized interest is assumed with full principal and interest payments beginning in FY 2021.
- A \$6,000,000 loan at a rate of 2.03% with a term of 30 years. It is anticipated loans draws will commence in FY 2017 with no interest accruing for three years after the initial draw. Interest will begin to accrue after three years but can be capitalized until the amortization commencement date, which is the earlier of the completion of the Richland Creek Reservoir Program or October 1, 2021. For the purpose of the Feasibility Forecast, one and a half years of capitalized interest is assumed with full principal and interest payments beginning in FY 2021.
- A \$8,206,250 loan at a rate of 2.03% with a term of 30 years. Loan draws commenced in the second half of FY 2016 with no interest accruing for three years after the initial draw. Interest will begin to accrue after three years but can be capitalized until the amortization commencement date, which is the earlier of the completion of the Richland Creek Reservoir

Program or October 1, 2021. It should be noted that this loan must be used for the transmission elements of the project. For the purpose of the Feasibility Forecast, one and a half years of capitalized interest is assumed with full principal and interest payments beginning in FY 2021.

11. FUND BALANCES

All Revenues from operations are deposited into the County’s Revenue Fund where they are used to pay the reasonable and necessary expenses of operating and maintaining the System. Outside of the Revenue Fund, the County’s Bond Resolution established two major funds for maintaining liquidity and for use in addressing both operating and capital needs.

RENEWAL AND EXTENSION FUND

The County maintains a fund known as the Paulding County Water and Sewerage System Renewal and Extension Fund. Funds in the Renewal and Extension fund are available for a number of purposes including: (i) mitigating the effect of an extraordinary occurrence on the System, (ii) making replacements, additions, and other improvements deemed reasonable by the County to be in the best interest of the County and Bondholders, (iii) payment of the charges of the Depository for investment services, or (iv) paying principal and interest on utility revenue or refunding bonds outstanding. Per the Bond Resolution, once all annual operating expenses, debt service, and other capital costs have been paid, the remaining balance in the Revenue Fund, in excess of \$10,000, is deposited into the Renewal and Extension fund.

SINKING FUND

The Paulding County Water and Sewerage System Sinking Fund maintains two accounts known as the Debt Service Account and Reserve Account. The Debt Service Account is used for (i) the payment of the interest on the bonds secured under the Bond Resolution as the interest is due, (ii) the payment of the principal on Bonds at their respective maturities, and (iii) the redemption of Bonds before maturity. The Reserve Account is used only to pay the principal and interest falling due in any year when there would otherwise be a default.

Table 12 shows the estimated beginning and year end fund balances for the Renewal and Extension Fund and the Reserve Account of the Sinking Fund over the forecast period.

Table 12: Fund Balances

Line No.	Description	FY 2016 Estimate	FY 2017 Forecast	FY 2018 Forecast	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast
Renewal & Extension Fund							
1.	Beginning Fund Balance	\$ 34,460,108	\$ 36,455,348	\$ 29,873,409	\$ 25,682,179	\$ 23,175,269	\$ 27,765,841
2.	Operating Surplus/(Deficit)	-	(0)	-	-	-	-
3.	Budgeted Contributions	1,995,240	-	-	-	4,590,572	4,659,047
4.	Transfers (To)/From Sinking Fund	-	-	-	-	-	-
5.	Transfers (To)/From Capital Projects	-	(6,581,939)	(4,191,230)	(2,506,910)	-	-
6.	Ending Fund Balance	\$ 36,455,348	\$ 29,873,409	\$ 25,682,179	\$ 23,175,269	\$ 27,765,841	\$ 32,424,888
Water & Sewer Sinking Fund							
Debt Service Reserve							
7.	Beginning Fund Balance	\$ 5,997,195	\$ 5,997,195	\$ 10,149,081	\$ 10,149,081	\$ 10,149,081	\$ 10,149,081
8.	Transfers in from Debt Issues	-	4,274,125	-	-	-	-
9.	Transfers Out	-	(122,239)	-	-	-	-
10.	Budgeted Transfers In/(Out)	-	-	-	-	-	-
11.	Ending Fund Balance	\$ 5,997,195	\$ 10,149,081	\$ 10,149,081	\$ 10,149,081	\$ 10,149,081	\$ 10,149,081
12.	Total: Ending Fund Balances	\$ 42,452,543	\$ 40,022,490	\$ 35,831,260	\$ 33,324,350	\$ 37,914,923	\$ 42,573,970

12. LONG-TERM FORECAST

In order to address a key goal of eliminating the need to purchase water from CCMWA, the County has identified additional capital investments necessary to augment the County’s water transmission system beyond the forecast period. As a result, a long-term forecast schedule was developed to demonstrate continued compliance with the Rate Covenant and to project annual cash flow in the Revenue Fund. As discussed in Section 7, the Richland Creek Water Supply Program is anticipated to be complete in the middle of FY 2020 with an initial potable water treatment capacity of 18 MGD and potable water transmission capacity of 10.9 MGD. Since the water transmission system capacity will serve as the initial limiting factor in terms of water delivery, the County plans to continue to augment its transmission system after FY 2021 to increase its hydraulic capacity sufficient to accommodate both the County’s average-day and peak-day needs. The anticipated projects related to this increase in transmission capacity are discussed in Section 3.1.5 of the Engineering Report. Funding for the majority of these projects have been included in the long-term forecast and reflected as rate funded, or PAYGO, capital. It is assumed that projected surplus balances in the Revenue Fund will serve as contingency funding for any additional projects. For the purpose of this long-term forecast (see Table 13), it is assumed the County will cease purchasing water altogether from CCMWA by FY 2032.



Table 13: Long-Term Financial Forecast

Line No.	Description	FY 2016 Estimate	FY 2017 Forecast	FY 2018 Forecast	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast	FY 2022 Forecast	FY 2023 Forecast	FY 2024 Forecast	FY 2025 Forecast	FY 2026 Forecast
Revenue Fund												
<u>User Charges</u>												
1.	Water User Charges (1)	\$ 22,839,888	\$ 24,695,829	\$ 27,092,782	\$ 29,699,415	\$ 32,535,775	\$ 35,482,535	\$ 37,304,650	\$ 38,409,504	\$ 39,548,762	\$ 40,723,609	\$ 41,935,276
2.	Sewer User Charges (2)	5,400,615	5,796,035	6,198,819	6,627,355	7,083,288	7,533,206	8,030,577	8,580,220	9,024,903	9,348,392	9,683,509
3.	<i>Subtotal: User Charge Revenue</i>	\$ 28,240,503	\$ 30,491,864	\$ 33,291,601	\$ 36,326,770	\$ 39,619,063	\$ 43,015,741	\$ 45,335,227	\$ 46,989,724	\$ 48,573,665	\$ 50,072,001	\$ 51,618,785
<u>Other Revenues</u>												
4.	Operating Revenues	\$ 1,370,218	\$ 1,370,641	\$ 1,371,069	\$ 1,371,500	\$ 1,371,936	\$ 1,372,377	\$ 1,372,821	\$ 1,374,101	\$ 1,375,418	\$ 1,376,771	\$ 1,378,164
5.	Non-Operating Revenues	852,754	864,486	876,446	888,639	901,070	913,745	926,669	948,389	970,699	993,613	1,017,149
6.	<i>Subtotal: Other Revenues</i>	\$ 2,222,972	\$ 2,235,127	\$ 2,247,515	\$ 2,260,139	\$ 2,273,007	\$ 2,286,122	\$ 2,299,491	\$ 2,322,491	\$ 2,346,116	\$ 2,370,384	\$ 2,395,312
7.	Total Revenue	\$ 30,463,475	\$ 32,726,991	\$ 35,539,116	\$ 38,586,910	\$ 41,892,070	\$ 45,301,863	\$ 47,634,718	\$ 49,312,215	\$ 50,919,781	\$ 52,442,385	\$ 54,014,098
Operating Expenses												
8.	Water Purchases (3)	\$ (11,943,815)	\$ (12,513,802)	\$ (13,150,797)	\$ (13,799,281)	\$ (9,302,678)	\$ (3,989,705)	\$ (4,343,100)	\$ (5,101,845)	\$ (5,923,540)	\$ (6,826,200)	\$ (7,817,045)
9.	Richland Creek O&M	-	-	(356,448)	(734,282)	(2,792,691)	(2,876,472)	(3,020,296)	(3,231,716)	(3,328,668)	(3,428,528)	(3,531,384)
10.	All Other Operating Expenses	(9,536,154)	(9,526,800)	(9,837,564)	(10,158,899)	(10,491,184)	(10,834,814)	(11,266,284)	(11,697,380)	(12,145,626)	(12,545,116)	(12,958,347)
11.	<i>Total Operating Expense</i>	\$ (21,479,969)	\$ (22,040,602)	\$ (23,344,809)	\$ (24,692,462)	\$ (22,586,554)	\$ (17,700,991)	\$ (18,629,680)	\$ (20,030,941)	\$ (21,397,834)	\$ (22,799,844)	\$ (24,306,775)
12.	Net Rev. Available for Debt Service	\$ 8,983,506	\$ 10,686,390	\$ 12,194,307	\$ 13,894,448	\$ 19,305,516	\$ 27,600,872	\$ 29,005,038	\$ 29,281,274	\$ 29,521,947	\$ 29,642,541	\$ 29,707,322
Debt Service												
13.	Senior Debt - Revenue Bonds	\$ (4,834,944)	\$ (4,648,135)	\$ (4,811,825)	\$ (4,802,644)	\$ (7,739,750)	\$ (9,241,975)	\$ (9,240,400)	\$ (9,232,775)	\$ (9,227,775)	\$ (9,215,275)	\$ (9,214,775)
14.	Subordinate Debt - GEFA Loans	(345,194)	(345,194)	(345,194)	(345,194)	(345,194)	(2,924,850)	(2,934,057)	(2,943,431)	(2,952,976)	(2,962,695)	(2,627,396)
15.	Total Debt Service	\$ (5,180,138)	\$ (4,993,328)	\$ (5,157,019)	\$ (5,147,838)	\$ (8,084,944)	\$ (12,166,825)	\$ (12,174,457)	\$ (12,176,206)	\$ (12,180,751)	\$ (12,177,970)	\$ (11,842,171)
16.	Senior Debt Service Coverage	1.86	2.30	2.53	2.89	2.49	2.99	3.14	3.17	3.20	3.22	3.22
17.	Total Debt Service Coverage	1.73	2.14	2.36	2.70	2.39	2.27	2.38	2.40	2.42	2.43	2.51
Other Expenditures												
18.	Rate Funded Capital (PAYGO) (4)	\$ (1,808,128)	\$ (5,693,061)	\$ (7,037,288)	\$ (8,746,610)	\$ (6,630,000)	\$ (10,775,000)	\$ (7,850,000)	\$ (12,500,000)	\$ (10,800,000)	\$ (4,000,000)	\$ (8,600,000)
19.	Budgeted Reserve Contributions (5)	(1,995,240)	-	-	-	(4,590,572)	(4,659,047)	(8,980,581)	(4,605,068)	(6,541,196)	(13,464,572)	(9,265,151)
20.	<i>Total Other Expenditures</i>	\$ (3,803,368)	\$ (5,693,061)	\$ (7,037,288)	\$ (8,746,610)	\$ (11,220,572)	\$ (15,434,047)	\$ (16,830,581)	\$ (17,105,068)	\$ (17,341,196)	\$ (17,464,572)	\$ (17,865,151)
21.	Revenue Fund Surplus/(Deficit)	\$ -	\$ (0)	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

- (1) Assumes no increase in water rates from FY 2022 through FY 2026. From FY 2016 to FY 2021, billable water demand and customer accounts are projected to increase at a rate of 1% annually. After FY 2021, billable water demand and customer accounts are projected to increase at a rate of 2.85% per year, which is based on the average annual increase necessary to meet long-term demand projections of 24 MGD in 2050 provided in the County Water Supply Study and 404 Permit Application.
- (2) Assumes no increase in sewer rates from FY 2022 through FY 2026. Billable sewer demand and customer accounts are projected to continue increasing at 2.5% annually.
- (3) Assumes the County will purchase 15% of its water demand from CCMWA at an estimated peak rate from FY 2021 through FY 2026.
- (4) Reflects funding for specific capital projects identified by the County, including transmission system augmentation projects, from FY 2022 through FY 2026.
- (5) Represents projected transfers to the Renewal and Extension Fund.

13. PARITY BONDS TESTS

Per the County’s Bond Resolution, in addition to verification by an independent certified public account (or firm thereof) as to the adequacy of the balances in the Sinking Fund, the County may issue Parity Bonds secured by the Revenues of the System if one of several conditions are satisfied, including:

1. An independent certified public accountant (or firm thereof) shall, based upon an examination or review of the financial records of the System, render an opinion to the County that the net revenues of the System for the County’s fiscal year immediately preceding the fiscal year in which such additional parity bonds are to be issued are at least equal to 120% of the average annual principal and interest requirements for the fiscal year in which such additional parity bonds are to be issued and all subsequent fiscal years on all bonds then outstanding and the bonds to be issued.

2. In the event that a new schedule of rates and charges for the services, facilities and commodities furnished by the System has been adopted and is in full effect, and independent certified public account (or firm thereof) shall, based upon an examination or review of the financial records of the System, render an opinion that if the new rate schedule had been in effect during the fiscal year immediately preceding the fiscal year in which additional parity bonds are to be issued, then the net revenues of the System would have been equal to at least 125% of the average annual principal and interest requirements for the fiscal year in which such additional Parity Bonds are to be issued and all subsequent fiscal years on all Bonds then outstanding and on the additional Parity Bonds proposed to be issued.

3. (i) A consulting engineer shall render an opinion that, based on the current rates and charges for the services, facilities, and commodities furnished by the System, the projected net revenues of the System for the first full Sinking Fund Year following the completion of the facilities to be financed by the proposed additional parity bonds will at least equal 130% of the average annual principal and interest requirements for the fiscal year in which such additional parity bonds are to be issued and all subsequent fiscal years on all bonds then outstanding and on the additional parity bonds proposed to be issued, and

(ii) the requirements of either (1) or (2) above shall be satisfied, except that in either case, the coverage requirements shall be 100%.

Compliance with both parts of option (3) of the additional test for Parity Bonds is demonstrated in Table 14.



Table 14: Parity Bond Test

Line No.	Description	FY 2021 Test Year
Parity Bonds Test		
<u>Revenues at 2016 Rates (1)</u>		
1.	Water User Charges	\$ 24,501,772
2.	Sewer User Charges	6,247,666
3.	Other Operating Revenues	1,372,377
4.	Non-Operating Revenues	913,745
5.	<i>Total Revenues</i>	\$ 33,035,560
6.	Operating Expenses	(17,700,991)
7.	Net Revenues	\$ 15,334,569
8.	Average Parity Debt Service (2)	9,313,020
9.	Parity Debt Coverage	1.65

(1) Revenues are calculated based on CY 2016 rates and FY 2021 customer accounts and billable demand.

(2) Represents the average annual parity debt service payments from FY 2017 through FY 2057.

Line No.	Description	FY 2016 Test Year
Parity Bonds Test		
<u>Revenues at 2016 Demand (1)</u>		
1.	Water User Charges	\$ 23,312,595
2.	Sewer User Charges	5,522,026
3.	Other Operating Revenues	1,370,218
4.	Non-Operating Revenues	852,754
5.	<i>Total Revenues</i>	\$ 31,057,593
6.	Operating Expenses	(21,479,969)
7.	Net Revenues	\$ 9,577,624
8.	Average Parity Debt Service (2)	9,313,020
9.	Parity Debt Coverage	1.03

(1) Revenues are calculated based on CY 2016 rates and FY 2016 customer accounts and billable demand.

(2) Represents the average annual parity debt service payments from FY 2017 through FY 2057.

APPENDIX F

AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2015

PAULDING COUNTY, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2015

Prepared By:
The Paulding County Finance Department

INTRODUCTORY SECTION

PAULDING COUNTY, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015

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PAULDING COUNTY, GEORGIA
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PAULDING COUNTY BOARD OF COMMISSIONERS

240 Constitution Blvd. * Dallas, Georgia 30132
Telephone 770-505-1352 * Fax 770-505-1353

December 19, 2015

Board of Commissioners and Citizens
Paulding County, Georgia

The Comprehensive Annual Financial Report of Paulding County, Georgia, for the fiscal year ended June 30, 2015, is submitted herewith as mandated by local ordinances and the State of Georgia statutes. These ordinances and statutes require that Paulding County issue annually a report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

Management of the County is responsible for establishing and maintaining an internal control structure which is designed to ensure that the assets of the county are protected from loss, theft, or misuse; and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of the control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

Georgia statutes require an annual audit by an independent firm of certified public accountants. The Board of Commissioners selected the accounting firm of Mauldin & Jenkins, LLC. The auditor's report on the basic financial statements and schedules is included in the financial section of this report.

Management's discussion and analysis (MD &A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of Paulding County

Paulding County, incorporated in 1832, was the 87th county created in Georgia and was named after John Paulding, a soldier in the Revolutionary War. Paulding County's rich historical resources include a number of well-preserved Civil War memorials, including the New Hope Church that was the site of the 1864 battle between General Sherman and Confederate General Johnston. The County is located approximately 29 miles northwest of Atlanta. The County has a land area of 314 square miles and a population of approximately 148,987.

Policymaking and legislative authority are vested in the governing authority, consisting of a five-member Board of Commissioners, including a full-time Chairman. The Commission Chairman is elected at large, while the four other members are elected by district. All members serve four-year, staggered terms. The commission is responsible, among other things, for adopting ordinances and budgets, appointing committees, and confirming department heads. The Chairman is the chief executive and is responsible for carrying out policies and ordinances of the commission and for appointing the heads of the County's departments. The County Administrator is responsible for the daily operations of County functions in accordance with policies of the Board of Commissioners. The governing authority of the County is empowered to levy a property tax on both real and personal property located within its boundaries.

This report includes all funds of the County, as well as its component units. Component units are either 1) legally separate entities for which the County is financially accountable; or 2) entities whose relationship with the County is of a nature and significance that exclusion would cause the County's financial statements to be misleading or incomplete. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position from those of the primary government.

The County provides a full range of services which include law enforcement and fire protection; the construction and maintenance of roads, streets, bridges, and infrastructure; water and sewer; solid waste; and recreational and cultural activities. The Paulding County Board of Education and WellStar Paulding Medical Center have not met the established criteria for inclusion in the reporting entity, and accordingly, are excluded from this report.

Budgeting Controls. The County maintains extensive budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County's Board of Commissioners. Activities of the general fund, special revenue funds, capital projects fund and debt service fund, are included in the annual appropriated budget. Annual budgets for the enterprise funds are adopted for management and control purposes. Project-length financial plans are adopted for certain capital projects. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is at the department level. The County also maintains an encumbrance accounting system as one method of maintaining budgetary control. Encumbered amounts lapse at year-end. However, outstanding encumbrances generally are re-appropriated as part of the following year's budget.

Local Economy

The County's unemployment rate of 5.5% represents a slight decrease from last year and is slightly lower than the rate of 6.3% for the State of Georgia. However, Paulding County is not experiencing as significant an impact on the home-ownership rate as the state. Paulding County continues to hold a high home-ownership rate of 82.1% and 11.4% of the families living below the poverty level, compared to State averages of 65.1% and 18.2%, respectively.

The County's rapid residential growth slowed substantially in 2008. However, we are beginning to see signs of recovery. Commercial construction; however, experienced a less intensive slow down compared to housing. A positive outlook for future growth of Paulding is the opening of the County's general aviation airport, the opening of the new WellStar Hospital, and completion of the film studio. In 2016 Paulding County plans to begin the construction of the Richland Creek Reservoir. The County's transition from a bedroom community into a more self-sustaining community will present significant challenges for the County, as the demand for services will change. To meet the needs of these changes the County is exploring new methods of obtaining financial resources and providing higher quality and more efficient services at less cost. The County is in its fifth year of a six-year special purpose local option sales tax (SPLOST) used to fund the construction and improvement of roads, construction of recreational facilities, and public safety capital improvements. Since 1988, the County's voters have supported six

consecutive referendums for a special purpose local option sales tax (SPLOST) for the County, as well as, six consecutive similar referendums for the construction of schools.

Long-term financial planning

All amounts, unless otherwise indicated are expressed in thousands of dollars.

General Fund Balance. The fund balance of the general fund remained stable in 2015, as a result of conservative spending policies and budget control measures. The unassigned fund balance of \$37,771 represents 249 working days of expenditures. This level of unassigned fund balance should significantly reduce the likelihood of the County entering the short-term debt market to pay current operating expenditures.

Proprietary Operations. The County's proprietary operations are comprised of three, separate and distinct activities: the Water and Sewer System, the Solid Waste Disposal System and the Department of Family and Children's Services (DFCS) facility. The Water and Sewer System operates with no subsidy from the County's General Fund. Revenue from the Solid Waste Disposal System generates approximately 87% of its cost to operate. The State of Georgia leases the space for DFCS from the County, the proceeds of which provide revenue sufficient to cover the costs of operations and debt service. Paulding County's Water and Sewer System recently upgraded its aging infrastructure and completed a sewer system treatment facility expansion to encourage commercial growth.

Under the provisions of GASB Statement Number 18, the County reports an accrual of \$3,579 for landfill closure and post closure care costs as of June 30, 2015. The Landfill is incurring an annual accrual for the anticipated post closure care cost and monitoring the closure of the landfill.

Debt Administration. At June 30, 2015, the County had a number of debt issues outstanding. These issues included \$74,545 of general obligation bonds, and \$32,750 of revenue bonds. The County maintains an Aa3 rating from Moody's Investor Service and a AA rating from Standard and Poor's Rating Service on general obligation issues and for the revenue issues, an A2 from Moody's and AA-stable from Standard and Poor's. Under current Georgia statutes, the County's general debt issuances are subject to legal limitation based on 10 percent of total assessed value of real and personal property. As of June 30, 2015, the County's net general obligation bonded debt of \$71,300 was well below the legal limit of \$321,338. General obligation debt per capita equaled \$479 (four hundred and seventy-nine dollars).

For the Future. During the next four years, the County will complete a number of ambitious capital projects, along with designations of certain areas of the County as special zoning districts to enhance the quality of residential and commercial growth.

In the fall of 2008, the County opened a general aviation airport. The initial length of the runway is 5500 feet. In 2015 the Airport Authority will restripe the runway to take advantage of the full 6,000 feet of runway that was constructed in 2008. In 2014, the airport completed a taxiway widening project bringing the width of all taxiways to 50 feet. The County also enlisted the services of a consultant with expertise in airport-related economic development master plans. The economic development efforts associated with the airport project will be funded through public-private partnerships, in addition to federal, state and local funds. Due to increasing demand and limited availability of hanger space in the Atlanta Metropolitan Area, the planned Paulding Northwest Atlanta Airport has generated considerable interest in the aviation community. The first phase of hangers is completed and 100% of them are leased with a new 35,000 square foot hanger expected to be completed in 2015. A fuel farm is now operational. This allows for aircraft to purchase fuel at the airport. The County's master plan for the area includes clustered, self-sustainable, high-tech living-working-recreation development with a green focus. In 2010, a Fixed Base Operator (FBO) was selected, "Paulding Jet Center" and is currently operational. In 2013 the Airport

submitted an application to the FAA to allow for commercial flights. The application for commercial flights resulted in the FAA requiring an Environmental Assessment to be completed.

To address the leisure and recreational needs of its family-focused community, the County has constructed four multipurpose parks. The County has purchased 166 acres in the Union area. This will be the County's fifth multipurpose park and is currently in the design phase. Construction will be completed in 2016.

To address the future water supply needs, the County is currently in the final permitting stages of the Richland Creek Reservoir. The County is in the design stage of this project which is expected to be final in 2016. All permitting requirements should be complete and construction should begin in 2016.

Relevant financial policies

Paulding County's financial policies were established with the primary goal to provide a sound basis for future financial planning and conservative management. These policies include (1) a balanced annual operating budget, and (2) maintenance of adequate unassigned fund balance.

In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal controls are designated to provide reasonable, but not absolute, assurance regarding the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. We believe the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary control is maintained at the department level by the encumbrance of estimated purchase amounts before the release of purchase orders to vendors. Open encumbrances are reported as assigned fund balances at year-end for governmental funds.

Major Initiatives

For the Year. In preparing the 2015 budget, the County's staff, under specific directives from the governing authority, identified several major programs necessary to meet the citizens' needs for services and to safeguard the environment. These programs reflect the County's commitment to continued improvement in the quality of life for its citizens.

Throughout the year, the County continued its improvement program for transportation, which consisted of system additions, improvements to collector roads, and major intersection improvements.

In 2014, the County completed the construction phase for a major by-pass in the Hiram area. This project was primarily funded through a federal grant. The by-pass has relieved traffic congestion in the County's primary commercial district. Currently, Bill Carruth Parkway is being widened to a four lane and together the Bill Carruth Parkway and East Hiram Bypass will provide a by pass to the Commercial district. The Seven Hills Parkway Extension was also completed in 2014. This project will relieve congestion in the Cedarcrest area where Paulding County experienced the greatest residential growth over the past 10 years. Each project is providing many travel alternatives.

In 2015, the County is nearing complete design for the Richland Creek Reservoir. It is expected to begin construction in 2016. The 404 permit was issued by the Corp of Engineers in October 2015. The project

construction is expected to be complete in 2021. This reservoir will allow Paulding County to provide its own water to the citizens of Paulding County.

Paulding County Industrial Building Authority contracted with RoadTown Enterprises to construct and manage a film studio. Construction was completed and operations of the studio began in early 2012. The filming of the studio's first feature length film "42" was completed in 2012. The film studio is currently located within the local union's 30 mile zone which makes filming more affordable.

Also during the coming years, and to be carried out concurrently with the airport project, the County will work closely with the Industrial Building Authority in an aggressive pursuit of economic development. Planned projects include the acquisition of land adjacent to the airport for the development of a business park, as well as other business park developments in close proximity to the County's existing sewer plants. A 60 acre industrial park also known as West Memorial Park has been constructed in the City of Dallas off of West Memorial Drive. The most notable business park is the 100 acre Class A Paulding Commerce Park. This site is capable of housing facilities up to 500,000 square feet. It is located off of Bill Carruth Parkway.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report for the year ended June 30, 2014. This was the nineteenth, consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the efficient and dedicated services of the entire staff of the Finance Department. Each member of the department has my sincere appreciation for the contributions made in the preparation of this report.

In closing, without the progressive leadership of the Board of Commissioners, preparation of this report would not have been made possible.

Respectfully submitted,



Tabitha Pollard
Finance Director



David A. Austin
County Chairman



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Paulding County
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

PAULDING COUNTY, GEORGIA

PRINCIPAL OFFICIALS

JUNE 30, 2015

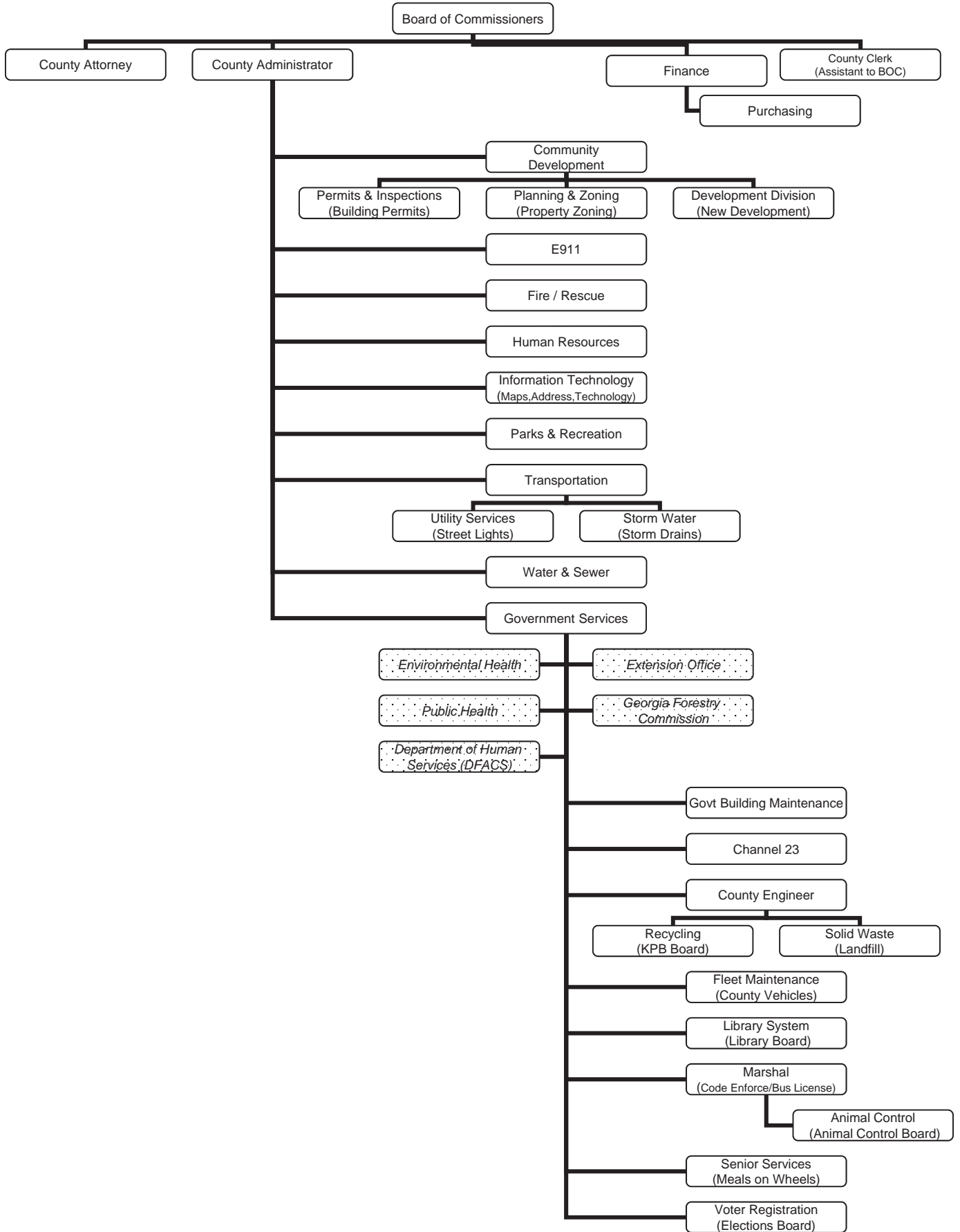
BOARD OF COMMISSIONERS

David Austin	Chairman
David Carmichael	Post 1
Todd Pownall	Post 2
Vernon Collett	Post 3
Tony Crowe	Post 4

OTHER ELECTED OFFICIALS

Clerk of Superior Court	Treva Shelton
District Attorney	Dick Donovan
Probate Judge	Deborah Anderson
Sheriff	Gary Gulledge
Superior Court Judge	Tonny Beavers
Tax Commissioner	J. Bill Watson, III

Paulding County, Georgia Organization Chart



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**Board of Commissioners
of Paulding County, Georgia
Dallas, Georgia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Paulding County, Georgia** (the "County"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Paulding County, Georgia'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 Paulding County Board of Health, the Paulding County Industrial Building Authority, and the Paulding County Airport Authority, which represent 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Paulding County Board of Health, the Paulding County Industrial Building Authority and the Paulding County Airport Authority, is based solely on the reports of the 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 from material misstatement. The financial statements of the Paulding County Industrial Building Authority and the Paulding County Airport Authority were not audited in accordance with *Government Auditing Standards*.

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 audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Paulding County, Georgia as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 8 and 13, Paulding County, Georgia implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as 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. These standards significantly changed the accounting for Paulding County, Georgia's net pension liability and the related disclosures. 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 (on pages 5 through 13), the budgetary comparison information for the General Fund (on pages 69 and 70), the budgetary comparison information for the Fire Tax Fund (on page 71), the schedule of changes in the County's net pension liability and related ratios (on page 72), the schedule of County contributions (on page 73), the schedule of employer's net pension liability – component unit (page 75), and the schedule of employer's pension contributions – component unit (page 74) 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 and the other auditors 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 Paulding County, Georgia's basic financial statements. The combining and individual fund financial statements and schedules and the schedules of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2015, on our consideration of Paulding County, Georgia’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County’s internal control over financial reporting and compliance.



Atlanta, Georgia
December 19, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Paulding County Government, we offer readers of Paulding County's financial statements this narrative overview and analysis of the financial activities of Paulding County for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages *iv* through *viii* of this report.

All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets and deferred outflows of resources of Paulding County exceeded its liabilities and deferred inflows of resources at June 30, 2015, by \$585,208 (net position), an increase of \$19,682 from the prior year. Of this amount, \$54,553 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of June 30, 2015, Paulding County's governmental funds reported combined ending fund balances of \$88,232, an increase of \$7,104 from the prior year. Approximately \$38,231 is available for spending at the government's discretion (unassigned fund balance).
- At the fiscal year end, unassigned fund balance for the General Fund was \$37,771, or 68 percent of general fund expenditures.
- Paulding County's governmental activities bonds payable, net decreased by \$2,021 from the prior year and the total general obligation long-term debt at June 30, 2015 was \$74,670, compared to a legal debt limit of \$321,338.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Paulding County's basic financial statements. Paulding County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide the reader with a broad overview of Paulding County's financial position in a manner similar to private-sector business. These statements include the Statement of Net Position and the Statement of Activities and can be found on pages 14 and 15 this report.

The Statement of Net Position presents information on all of Paulding County's assets, deferred inflows of resources and liabilities, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how Paulding County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., for uncollected taxes and earned but unused employee leave). Because the Statement of Activities separates program, or function revenue (revenue generated by specific functions through charges for services, grants and contributions) from general

revenue (revenue provided by taxes and other sources not tied to a specific function), it shows to what extent each function must rely on taxes for funding. All changes in net position are reported using the accrual basis of accounting which is similar to the method used by most private-sector enterprises. The accrual basis of accounting requires that revenues be reported when they are earned and expenses are reported when the goods and services are received, regardless of the timing of the cash flows. Items such as uncollected taxes, unpaid vendor invoices for items received during the fiscal year, and earned, but unused employee leave, are included in the Statement of Activities as revenues and expenses, even though the cash associated with these items was not received nor distributed during the fiscal year.

Paulding County has identified the Paulding County Industrial Building Authority (IBA), Paulding County Airport Authority and the Paulding County Board of Health as component units due to the significance of their operational or financial relationships with the County. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 14 and 15 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Paulding County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Paulding County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Governmental funds are used to account for most or all of the County's tax-supported activities. Proprietary funds are used to account for the County's business-like activities, where all or a substantial portion of the costs of activities are supported by fees and charges paid directly by users of the services. Fiduciary funds are used to account for resources that are held by the County as a trustee or agent for parties outside of County government. The resources of the fiduciary funds cannot be used to support the County's own programs.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balance of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Paulding County maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, the fire tax, the SPLOST IV fund and the capital projects fund all of which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Paulding County adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements for these funds have been provided to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 16 through 19 of this report.

Proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Paulding County uses enterprise funds to account for its Water and Sewer System, Solid Waste operations and the Department of Family and Children's Services building.

The enterprise fund financial statements provide separate information for the Water and Sewer System which is to be considered a major fund of Paulding County. The other two enterprise funds of the County are aggregated into a single presentation in the basic proprietary fund financial statements. Individual fund data for each of the non-major proprietary funds is provided in the form of combining statements. The proprietary fund combining statements follow the governmental fund combining statements in this report, on pages 90 through 92.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the County government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Paulding County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on page 23.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 24 through 68.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Paulding County's progress in funding its obligation to provide pension benefits and budgetary comparison information. Required supplementary information can be found on pages 69 through 71 of this report.

Government-wide Financial Analysis

Statement of Net Position. As noted earlier, net position may serve over time as a useful indicator of the County's financial position. As of June 30, 2015, Paulding County's combined (government and business-type activities) assets exceeded liabilities by \$585,208. A significant portion of the County's net position, 79 percent, is its investment in capital assets (e.g., land, buildings, infrastructure, and equipment), less related outstanding debt that was used to acquire those assets. Because Paulding County uses these capital assets to provide services to its residents, these assets are not available for future spending. Although Paulding County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Paulding County's Net Position

June 30,

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 101,317	\$ 92,434	\$ 50,406	\$ 44,317	\$ 151,723	\$ 136,751
Capital Assets	440,064	424,617	148,576	152,587	588,640	577,204
Total assets	<u>541,381</u>	<u>517,051</u>	<u>198,982</u>	<u>196,904</u>	<u>740,363</u>	<u>713,955</u>
Deferred outflows of resources	<u>5,805</u>	<u>4,154</u>	<u>548</u>	<u>631</u>	<u>6,353</u>	<u>4,785</u>
Long-term liabilities outstanding	103,646	92,925	43,251	47,662	146,897	140,587
Other liabilities	<u>9,546</u>	<u>7,775</u>	<u>5,065</u>	<u>4,851</u>	<u>14,611</u>	<u>12,626</u>
Total liabilities	113,192	100,700	48,316	52,513	161,508	153,213
Net position:						
Net investment in capital assets	352,136	348,388	109,802	109,486	461,938	457,874
Restricted	43,627	40,910	25,633	16,337	69,260	57,247
Unrestricted	<u>38,231</u>	<u>31,207</u>	<u>15,779</u>	<u>19,199</u>	<u>54,010</u>	<u>50,406</u>
Total net position	<u>\$ 433,994</u>	<u>\$ 420,505</u>	<u>\$ 151,214</u>	<u>\$ 145,022</u>	<u>\$ 585,208</u>	<u>\$ 565,527</u>

An additional portion of the County' net position for governmental activities, \$43,627; and for business-type activities, \$25,633, represent resources that are subject to external restrictions on how they may be used. The governmental restricted resources represent SPLOST funds for roads, recreation and public safety capital improvements, and certain judicial expenses or activities. The \$15,496 for business-type activities is restricted to water and sewer system improvements and \$10,137 is restricted for debt service. The remaining balances of unrestricted net position, \$38,231 for governmental activities, and \$15,779 for business-type activities may be used to meet the County's ongoing obligations to its citizens and creditors.

At June 30, 2015, Paulding County is able to report positive balances in all categories of net position, both for the government as a whole, and for its separate governmental and business-type activities.

Paulding County's property taxes increased \$2,365 a 5% increase from the prior year. Sales and other taxes increased by \$1,963 or about 5% from last year. Approximately 26% of the County's total revenue from governmental activities came from sales tax and 43% from property tax. Charges for goods and services provided about 10% of governmental revenue. Decrease in capital grants and contribution is the result of state and federal participation in East Hiram Parkway, Airport land acquisition in 2014.

The County's largest expense is for Public Safety at \$34,911, or 38% of total governmental expenses. The 2nd largest expense is for Public Works at \$16,862, or 18% of total governmental expenses.

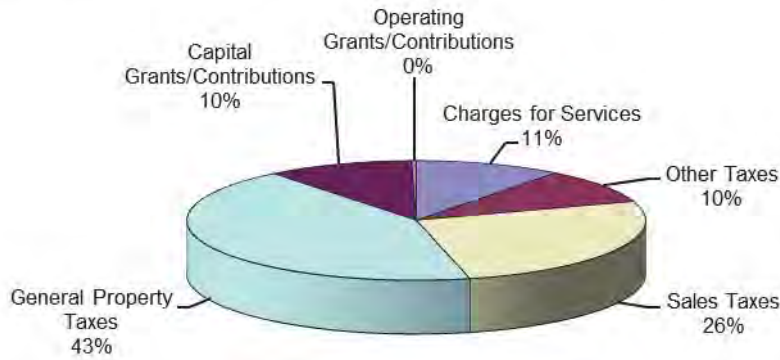
Paulding County's Changes in Net Position

For the year ended June 30

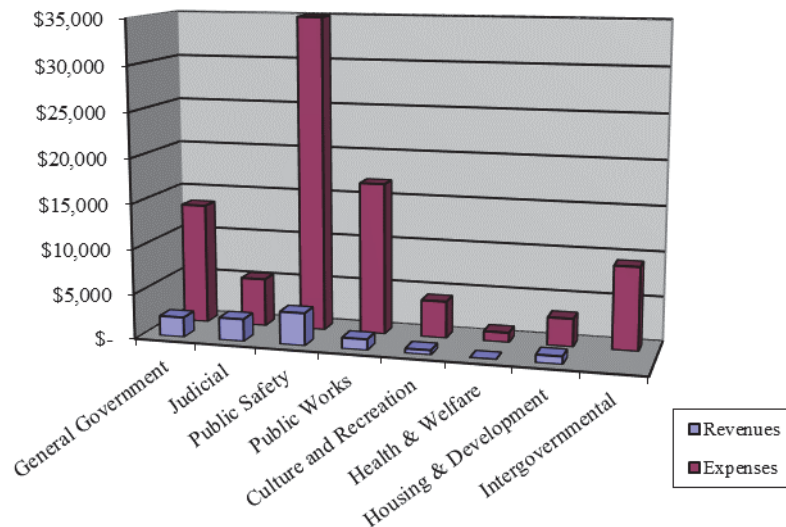
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for services	\$ 10,877	\$ 10,630	\$ 29,725	\$ 27,693	\$ 40,602	\$ 38,323
Operating grants and contributions	361	350	-	-	361	350
Capital grants and contributions	10,841	17,904	3,955	3,095	14,796	20,999
General Revenues:						
Property taxes	45,148	42,783	-	-	45,148	42,783
Other taxes	37,607	35,644	-	-	37,607	35,644
Other	63	78	30	40	93	118
Total Revenues	<u>104,897</u>	<u>107,389</u>	<u>33,710</u>	<u>30,828</u>	<u>138,607</u>	<u>138,217</u>
Expenses:						
General government	13,468	16,162	-	-	13,468	16,162
Judicial	5,369	4,988	-	-	5,369	4,988
Public safety	34,911	32,542	-	-	34,911	32,542
Public works	16,862	15,933	-	-	16,862	15,933
Culture and recreation	4,120	3,887	-	-	4,120	3,887
Health and welfare	1,090	1,102	-	-	1,090	1,102
Housing and development	3,116	3,495	-	-	3,116	3,495
Intergovernmental	9,218	-	-	-	9,218	-
Interest on long-term debt	3,054	3,228	-	-	3,054	3,228
Water and sewer	-	-	26,611	25,070	26,611	25,070
Other programs	-	-	1,107	974	1,107	974
Total Expenses	<u>91,208</u>	<u>81,337</u>	<u>27,718</u>	<u>26,044</u>	<u>118,926</u>	<u>107,381</u>
Increase (decrease) in net position before transfers	<u>13,689</u>	<u>26,052</u>	<u>5,992</u>	<u>4,784</u>	<u>19,681</u>	<u>30,836</u>
Transfers	<u>(200)</u>	<u>(200)</u>	<u>200</u>	<u>200</u>	<u>-</u>	<u>-</u>
Change in net position	<u>13,489</u>	<u>25,852</u>	<u>6,192</u>	<u>4,984</u>	<u>19,681</u>	<u>30,836</u>
Net position - beginning, before restatement	426,302	400,450	145,022	140,038	571,324	540,488
Restatement	<u>(5,797)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,797)</u>	<u>-</u>
Net position-beginning, after restatement	<u>420,505</u>	<u>400,450</u>	<u>145,022</u>	<u>140,038</u>	<u>565,527</u>	<u>540,488</u>
Net position ending	<u>\$ 433,994</u>	<u>\$ 426,302</u>	<u>\$ 151,214</u>	<u>\$ 145,022</u>	<u>\$ 585,208</u>	<u>\$ 571,324</u>

The \$13,489 increase in net position for governmental activities was attributable to revenues exceeding expenses. The \$6,192 increase in net position for business-type activities was the result of revenues exceeding expenses. The Landfill's long term liabilities of \$3,579 allow for closure and post-closure care costs.

Revenues by Source for Governmental Activities



Revenues & Expenses for Governmental Activities (in thousands)



Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Paulding County ended the 2015 fiscal year with positive fund balances in its governmental funds. The combined fund balance for the governmental funds is \$88,232. Of that amount, fund balances in the County's four major funds are \$45,059 in the General Fund, \$5,929 in the Fire Tax, \$1,948 in the Capital Projects Fund and \$26,659 in SPLOST IV. Approximately 43 percent of total governmental fund balances, \$37,771 in the General Fund is unassigned and available for spending in the coming year. The assigned fund balance is not available for new spending rather it is assigned to (1) 2015 outstanding encumbrances \$4,027, future landfill closure cost \$1,425, and \$1,614 was obligated to the 2016 adopted budget, and \$87 assigned to Library. The committed fund balance is in the Sheriff Commissary fund and the Sheriff committed the funds to be used for the inmates. The remainder of fund balance is restricted or non-spendable in nature (\$134) to indicate that it is not available for new spending because it is restricted 1) to pay debt service (\$3,370); and 2) for other restricted purposes (\$9,227). The \$28,431 fund balance in SPLOST III and IV will be spent to construct a major County park facility, a fire station and other public safety facilities, as well as road improvements.

The General Fund is the primary operating fund of Paulding County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$37,771, while total fund balance was \$45,059. As a measure of the County's liquidity, it may be useful to compare both the unassigned and total fund balance to total fund expenditures. Unassigned fund balance represents 68% of total General Fund expenditures, while total fund balance represents 82% of that same amount.

The fund balance of the General Fund increased by \$4,555. While operational revenues increased as well as tax revenue, expenditures remained lower due to the reduction measures imposed over the past few years. Changes in revenue for all governmental funds from the prior year are as follows:

- Total revenue decreased by \$942 from the prior year.
- Property tax revenue increased by \$2,365 as a result of a slight increase in residential property values as well as a slight decrease in the millage rate along with the imposition of the motor vehicle ad valorem tax, while the local option sales tax increased by \$638.
- Charges for services increased by \$446, as a result of a slight increase in residential development as well as a decline in judicial fees.

The fund balance of the Fire Tax Fund increased by \$563. The fire tax is primarily funded with property tax, and therefore, the reduction in property values has resulted in a reduction in revenues.

SPLOST III, SPLOST IV and Capital Projects funds are all used to account for Capital Projects. The fund balance of the SPLOST III fund also decreased by \$1,772. The fund balance of SPLOST IV has increased by \$2,638. The SPLOST III sales tax collections were collected through March 2011 and as a result of the passing of a new referendum SPLOST IV collections began in April 2011. The projects in SPLOST III are nearing completion which reduced the fund balance, and the County was collecting funds in the new SPLOST to allow for projects to begin under the new SPLOST. The Capital Projects fund accounts for projects funded by sources other than SPLOST revenues. The fund balance of the Capital Projects Fund also increased by \$3. The increase is related to the draws on a loan to finance a portion of the Reservoir project.

Proprietary Funds

Paulding County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Two of the County's Enterprise Funds, the Water and Sewer System and Solid Waste Disposal, provide services to the general public and require periodic evaluation and determination of revenues. The County also maintains an Enterprise Fund for a rental facility which is currently leased to the State of Georgia, Department of Family and Children's Services and Child Support Enforcement.

The largest, and only major Enterprise Fund is the Water and Sewer Fund. Total operating revenue from the Water and Sewer System for 2015 was \$27,812 representing an increase of 7% from 2014. The County, along with other metro counties subsequently implemented a rate increase to offset the 7% increase in expenses. The cost of the County's water purchased increased 8% from 2014. This increase was due to an increase passed on to the County by the County's supplier Cobb County Marietta Water Authority.

General Fund Budgetary Highlights

The legal level of control (the level at which expenditures cannot legally exceed appropriations) is at the department level. The County's primary budgeted fund is the General Fund. The Board of Commissioners is required to adopt the County's budget at their first regular meeting each August. The General Fund Budget was amended during the year for an increase in appropriations of \$2,063. The most notable expenditure amendments are as follows:

- Public Works increased by \$864 due to additional maintenance and asphalt contracts issued. The cost of this expenditure was partly covered by the State of Georgia.
- Public Safety increased by \$226 and General Government increased by \$560 due to several capital project improvements made to the facilities.
- Culture and Recreation increased by \$259 due to unforeseen park maintenance and additional purchases of capital and Judicial increased by \$8.

Property values increased again in 2015, the millage rate was decreased to balance the increase anticipated in property taxes. However the implementation of the motor vehicle title ad valorem tax resulted in a \$.6 increase to property taxes, other taxes increased by 4% with a sales tax increase of \$638. Total tax revenue increased by \$1,470 with \$612 due to the implementation of the motor vehicle title ad valorem tax. At June 30, 2015, General Fund revenues exceeded estimates by \$4,779, and expenditures were \$2,016 less than budget. The General Funds balance increased by \$4,555.

Budget versus actual amounts: Paulding County General Fund remained within the operating budget during fiscal year 2015. Expenditures were evaluated throughout the year. Actual expenditures were less than budget in all functions.

Capital Assets and Debt Administration

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2015 amounts to \$461,938 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings and systems, machinery and equipment, and construction in progress.

The total increase in Paulding County's investment in capital assets for the current fiscal year was 1 percent. Additional information on Paulding County's capital assets can be found in note 5 on pages 39 through 43 of this report.

Long-term debt: At June 30, 2015, Paulding County had a total of \$108,746 in outstanding bonded debt. That amount represents \$74,670 in General Obligation Courthouse, Jail, Administrative Building, Reservoir, conservation and Government Complex Bonds; and \$34,076 in Water and Sewer Revenue Bonds. The County also had one installment purchase agreement with an outstanding balance of \$415, two Georgia Environmental Finance Authority loans totaling \$536 and \$7,014, and an intergovernmental payable of \$15,745.

Paulding County maintains an "Aa3" rating from Moody's and an "AA" rating from Standard and Poor's on its General Obligation debt and an "AA" rating from Moody's and an "AA-stable" rating from Standard and Poor's on its Revenue debt.

Additional information on the County's long-term debt can be found in note 7 on pages 46 through 54.

Economic Factors and Next year's Budgets and Rates

- The unemployment rate for Paulding County was down from last year, at 5.5%. This rate compared to the state's rate of 6.3%.
- For the tax year 2014, the County's total tax digest increased by \$364,182 or 11%. Paulding County has reduced the millage rate to neutralize the tax increase.
- Paulding County's general purpose Local Option Sales Tax enabled the County to rollback its property tax rate by 3.74 mills for the 2014 tax year.

Requests for Information

This financial report is designed to provide a general overview of Paulding County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial should be addressed to Paulding County Finance Department, 240 Constitution Boulevard, Dallas, Georgia 30132.

PAULDING COUNTY, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Board of Health	Industrial Building Authority	Airport Authority
Cash and cash equivalents	\$ 86,551,482	\$ 19,117,934	\$ 105,669,416	\$ 807,581	\$ 473,957	\$ 921
Intergovernmental receivables	8,282,180	-	8,282,180	155,722	-	-
Taxes receivable	3,051,128	-	3,051,128	-	-	-
Internal balances	(170,135)	170,135	-	-	-	-
Other receivables	657,176	3,826,656	4,483,832	10	7,650	31,725
Due from component units	2,795,323	-	2,795,323	-	962,845	-
Due from primary government	-	-	-	-	8,440,000	-
Inventory	-	513,730	513,730	14,819	-	-
Prepays	134,263	-	134,263	-	-	250
Restricted cash and cash equivalents	-	26,676,329	26,676,329	-	124,441	558,907
Restricted investments	-	-	-	-	-	-
Capital assets, nondepreciable	82,920,572	2,806,521	85,727,093	-	3,032,015	7,057,380
Capital assets, depreciable, net of accumulated depreciation	357,143,079	145,769,761	502,912,840	13,891	6,563,276	1,064,931
Land held for resale	-	-	-	-	3,860,757	-
Other assets	-	-	-	-	5,250	-
Prepaid bond insurance	15,841	101,490	117,331	-	-	-
Total assets	541,380,909	198,982,556	740,363,465	992,023	23,470,191	8,714,114
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charges on refunding	4,692,932	548,145	5,241,077	-	111,446	-
Plan contributions	888,986	-	888,986	158,547	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-	-	13,378	-	-
Net difference between projected and actual earnings on pension plan investments	223,083	-	223,083	-	-	-
Total deferred outflows of resources	5,805,001	548,145	6,353,146	171,925	111,446	-
LIABILITIES						
Accounts payable	5,973,555	1,288,721	7,262,276	3,744	255,154	18,462
Accrued liabilities	1,889,038	115,569	2,004,607	-	156,769	38,274
Due to primary government	-	-	-	-	2,795,323	-
Intergovernmental payables	-	-	-	56,742	-	-
Construction contracts payable	-	30,000	30,000	-	-	-
Customer deposits payable	-	2,713,099	2,713,099	-	-	1,125
Unearned revenue	1,682,979	917,697	2,600,676	-	-	-
Noncurrent liabilities due within one year:						
Due to Industrial Building Authority	730,000	430,000	1,160,000	-	-	150,000
Capital lease payable	-	-	-	-	-	-
Compensated absences payable	2,677,100	265,616	2,942,716	-	-	-
Note payable	-	225,743	225,743	-	-	-
Landfill closure and postclosure	-	499,759	499,759	-	-	-
Bonds payable	4,075,000	3,570,000	7,645,000	-	1,360,000	325,000
Noncurrent liabilities due in more than one year:						
Due to Industrial Building Authority	10,750,000	3,835,000	14,585,000	-	-	812,845
Capital lease payable	-	-	-	-	-	-
Compensated absences payable	1,147,328	113,836	1,261,164	37,534	-	-
Note payable	7,013,559	725,650	7,739,209	-	-	-
Landfill closure and postclosure	-	3,079,553	3,079,553	-	-	-
Bonds payable	70,595,176	30,506,056	101,101,232	-	16,383,457	2,915,000
Due to Silver Comet Terminal Partnership	-	-	-	-	-	360,000
Net pension liability	6,658,572	-	6,658,572	1,035,396	-	-
Total liabilities	113,192,307	48,316,299	161,508,606	1,133,416	20,950,703	4,620,706
DEFERRED INFLOW OF RESOURCES						
Net difference between projected and actual earnings on pension plan investments	-	-	-	252,708	-	-
NET POSITION						
Net investment in capital assets	352,136,014	109,801,978	461,937,992	13,891	2,173,968	4,882,311
Restricted for:						
Judicial services	819,392	-	819,392	-	-	-
Public safety services	8,787,523	-	8,787,523	-	-	-
Debt service	3,641,371	10,137,352	13,778,723	-	-	-
Capital projects	30,378,527	15,495,840	45,874,367	-	-	-
Unrestricted	38,230,776	15,779,232	54,010,008	(236,067)	456,966	(788,903)
Total net position	\$ 433,993,603	\$ 151,214,402	\$ 585,208,005	\$ (222,176)	\$ 2,630,934	\$ 4,093,408

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

PAULDING COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 13,467,900	\$ 2,209,102	\$ -	\$ 264,795
Judicial	5,369,441	2,475,097	129,222	-
Public safety	34,910,648	3,610,189	109,327	66,670
Public works	16,861,667	1,205,856	8,032	2,507,238
Health and welfare	1,090,330	10,020	114,494	-
Culture and recreation	4,119,985	507,170	-	7,892,138
Housing and development	3,115,861	859,955	-	110,079
Intergovernmental	9,217,651	-	-	-
Interest on long-term debt	3,054,321	-	-	-
Total governmental activities	91,207,804	10,877,389	361,075	10,840,920
Business-type activities:				
Water and sewer	26,610,733	28,566,440	-	3,954,969
DFACS building	206,940	371,466	-	-
Solid waste	899,740	786,626	-	-
Total business-type activities	27,717,413	29,724,532	-	3,954,969
Total primary government	\$ 118,925,217	\$ 40,601,921	\$ 361,075	\$ 14,795,889
Component units:				
Board of Health	\$ 1,438,287	\$ 464,579	\$ 774,311	\$ -
Industrial Building Authority	1,330,153	384,344	591,376	-
Airport Authority	605,812	61,200	-	391,643
Total component units	\$ 3,374,252	\$ 910,123	\$ 1,365,687	\$ 391,643

General revenues:

- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Property taxes, levied for fire services
- Intangible recording taxes
- Local option sales taxes
- Special purpose local option sales taxes
- Insurance premium taxes
- Alcoholic beverage taxes
- Cable TV franchise taxes
- Real estate transfer taxes
- Business taxes
- Energy excise taxes
- Unrestricted investment earnings
- Grants not restricted to specific programs
- Gain on sale of capital assets

Transfers

- Total general revenues and transfers
- Change in net position
- Net position, beginning of year, as restated
- Net position, end of year

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

**Net (Expense) Revenue and
Changes in Net Position**

Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Board of Health	Industrial Building Authority	Airport Authority
\$ (10,994,003)	\$ -	\$ (10,994,003)	\$ -	\$ -	\$ -
(2,765,122)	-	(2,765,122)	-	-	-
(31,124,462)	-	(31,124,462)	-	-	-
(13,140,541)	-	(13,140,541)	-	-	-
(965,816)	-	(965,816)	-	-	-
4,279,323	-	4,279,323	-	-	-
(2,145,827)	-	(2,145,827)	-	-	-
(9,217,651)	-	(9,217,651)	-	-	-
(3,054,321)	-	(3,054,321)	-	-	-
(69,128,420)	-	(69,128,420)	-	-	-
-	5,910,676	5,910,676	-	-	-
-	164,526	164,526	-	-	-
-	(113,114)	(113,114)	-	-	-
-	5,962,088	5,962,088	-	-	-
\$ (69,128,420)	\$ 5,962,088	\$ (63,166,332)	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ (199,397)	\$ -	\$ -
-	-	-	-	(354,433)	-
-	-	-	-	-	(152,969)
\$ -	\$ -	\$ -	\$ (199,397)	\$ (354,433)	\$ (152,969)
\$ 27,923,398	\$ -	\$ 27,923,398	\$ -	\$ -	\$ -
7,348,110	-	7,348,110	-	-	-
9,876,468	-	9,876,468	-	-	-
1,018,672	-	1,018,672	-	-	-
12,723,171	-	12,723,171	-	-	-
14,896,039	-	14,896,039	-	-	-
6,222,989	-	6,222,989	-	-	-
644,953	-	644,953	-	-	-
1,458,951	-	1,458,951	-	-	-
308,685	-	308,685	-	-	-
330,013	-	330,013	-	-	-
3,028	-	3,028	-	-	-
51,874	30,659	82,533	540	131	74,259
-	-	-	326,246	-	-
11,125	-	11,125	-	-	-
(200,000)	200,000	-	-	-	-
82,617,476	230,659	82,848,135	326,786	131	74,259
13,489,056	6,192,747	19,681,803	127,389	(354,302)	(78,710)
420,504,547	145,021,655	565,526,202	(349,565)	2,985,236	4,172,118
\$ 433,993,603	\$ 151,214,402	\$ 585,208,005	\$ (222,176)	\$ 2,630,934	\$ 4,093,408

PAULDING COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

ASSETS						Total
	General	Fire Tax	SPLOST IV	Capital Projects	Nonmajor Governmental Funds	
Cash and cash equivalents	\$ 41,699,808	\$ 7,807,083	\$ 27,832,490	\$ 571,510	\$ 8,640,591	\$ 86,551,482
Receivables	379,787	-	-	-	277,389	657,176
Taxes receivable	1,072,911	394,173	1,301,512	-	282,532	3,051,128
Intergovernmental receivables	1,298,125	-	-	6,984,055	-	8,282,180
Due from other funds	7,037,656	-	-	-	550,858	7,588,514
Prepaid items	134,263	-	-	-	-	134,263
Total assets	\$ 51,622,550	\$ 8,201,256	\$ 29,134,002	\$ 7,555,565	\$ 9,751,370	\$ 106,264,743
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 1,831,394	\$ 32,195	\$ 1,943,867	\$ 2,056,868	\$ 109,231	\$ 5,973,555
Other accrued liabilities	927,572	-	-	-	-	927,572
Unearned revenue	1,682,979	-	-	-	-	1,682,979
Due to other funds	1,082,908	1,860,344	531,198	3,551,153	733,046	7,758,649
Total liabilities	5,524,853	1,892,539	2,475,065	5,608,021	842,277	16,342,755
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	1,038,794	379,619	-	-	271,142	1,689,555
Total deferred inflows of resources	1,038,794	379,619	-	-	271,142	1,689,555
FUND BALANCES						
Fund balances:						
Nonspendable:						
Prepays	134,263	-	-	-	-	134,263
Restricted:						
Judicial services	-	-	-	-	819,392	819,392
Public safety services	-	5,929,098	-	-	2,478,806	8,407,904
Capital projects	-	-	26,658,937	1,947,544	1,772,046	30,378,527
Debt service	-	-	-	-	3,370,229	3,370,229
Committed:						
Commissary purchases	-	-	-	-	197,478	197,478
Assigned:						
Use of reserves in subsequent budget	1,613,835	-	-	-	-	1,613,835
Reservoir	246,446	-	-	-	-	246,446
Infrastructure maintenance	2,646,991	-	-	-	-	2,646,991
State agency facilities	862,202	-	-	-	-	862,202
Supplies	271,222	-	-	-	-	271,222
Library	87,476	-	-	-	-	87,476
Landfill cost of closure	1,425,000	-	-	-	-	1,425,000
Unassigned	37,771,468	-	-	-	-	37,771,468
Total fund balances	45,058,903	5,929,098	26,658,937	1,947,544	8,637,951	88,232,433
Total liabilities, deferred inflows of resources and fund balances	\$ 51,622,550	\$ 8,201,256	\$ 29,134,002	\$ 7,555,565	\$ 9,751,370	\$ 106,264,743

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

PAULDING COUNTY, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

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

Total fund balances - governmental funds		\$ 88,232,433
Capital assets used in governmental activities are current not financial resources and, therefore, are not reported in the funds.		
Cost of capital assets	\$ 579,827,226	
Less accumulated depreciation	<u>(139,763,575)</u>	440,063,651
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Property taxes	<u>\$ 1,689,555</u>	1,689,555
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable	\$ (74,545,000)	
Premium, net of amortization	(125,176)	
Prepaid bond insurance, net of amortization	15,841	
Unamortized deferred charge on refunding	4,692,932	
Loan payable	(7,013,559)	
Accrued interest	(961,466)	
Intergovernmental payable	(11,480,000)	
Compensated absences payable	<u>(3,824,428)</u>	(93,240,856)
The deferred outflows of resources, deferred inflows of resources, and the net pension liability related to the County's pension plan are not expected to be liquidated with expendable financial resources and, therefore, are not reported in the funds.		
Net pension liability	\$ (6,658,572)	
Plan contributions	888,986	
Net difference between projected and actual investment earnings	<u>223,083</u>	(5,546,503)
Debt payments are currently being paid by the County on behalf of a component unit. These payments will be repaid to the County by the Component Unit in a future period.		<u>2,795,323</u>
Total net position - governmental activities		<u>\$ 433,993,603</u>

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

PAULDING COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>General</u>	<u>Fire Tax</u>	<u>SPLOST IV</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues:						
Taxes	\$ 50,565,378	\$ 10,080,685	\$ 14,896,039	\$ -	\$ 7,509,972	\$ 83,052,074
Licenses and permits	792,770	6,675	-	-	-	799,445
Intergovernmental	1,898,790	43,197	-	803,832	-	2,745,819
Fines and forfeitures	1,086,105	-	-	-	307,014	1,393,119
Charges for services	5,647,506	-	-	-	2,545,554	8,193,060
Interest income	37,899	10,024	34,275	635	9,629	92,462
Contributions	91,297	-	20,000	-	210,776	322,073
Miscellaneous	381,653	-	-	-	-	381,653
Total revenues	<u>60,501,398</u>	<u>10,140,581</u>	<u>14,950,314</u>	<u>804,467</u>	<u>10,582,945</u>	<u>96,979,705</u>
Expenditures:						
Current:						
General government	12,176,378	-	-	-	-	12,176,378
Judicial	5,111,410	-	-	-	210,355	5,321,765
Public safety	20,872,718	9,577,089	-	-	2,724,865	33,174,672
Public works	10,282,390	-	-	-	-	10,282,390
Health and welfare	1,062,506	-	-	-	-	1,062,506
Culture and recreation	3,367,942	-	-	-	-	3,367,942
Housing and development	2,331,184	-	-	-	-	2,331,184
Intergovernmental expenditures	-	-	1,912,651	-	-	1,912,651
Capital outlay	-	-	10,399,834	6,262,746	1,804,341	18,466,921
Debt service:						
Principal	-	-	-	-	4,155,000	4,155,000
Interest	-	-	-	-	2,709,634	2,709,634
Cost of issuance	-	-	-	-	328,665	328,665
Total expenditures	<u>55,204,528</u>	<u>9,577,089</u>	<u>12,312,485</u>	<u>6,262,746</u>	<u>11,932,860</u>	<u>95,289,708</u>
Excess (deficiency) of revenues over expenditures	5,296,870	563,492	2,637,829	(5,458,279)	(1,349,915)	1,689,997
Other financing sources (uses):						
Proceeds from sale of capital assets	11,125	-	-	-	-	11,125
Issuance of long term debt	-	-	-	5,274,000	27,775,000	33,049,000
Payments to escrow agent	-	-	-	-	(27,446,335)	(27,446,335)
Transfers in	-	-	-	187,448	365,789	553,237
Transfers out	(753,237)	-	-	-	-	(753,237)
Total other financing sources (uses)	<u>(742,112)</u>	<u>-</u>	<u>-</u>	<u>5,461,448</u>	<u>694,454</u>	<u>5,413,790</u>
Net change in fund balances	4,554,758	563,492	2,637,829	3,169	(655,461)	7,103,787
Fund balances, beginning of year	<u>40,504,145</u>	<u>5,365,606</u>	<u>24,021,108</u>	<u>1,944,375</u>	<u>9,293,412</u>	<u>81,128,646</u>
Fund balances, end of year	<u>\$ 45,058,903</u>	<u>\$ 5,929,098</u>	<u>\$ 26,658,937</u>	<u>\$ 1,947,544</u>	<u>\$ 8,637,951</u>	<u>\$ 88,232,433</u>

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

PAULDING COUNTY, GEORGIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

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

Net change in fund balances - total governmental funds	\$	7,103,787
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 19,949,479	
Depreciation expense	<u>(12,706,212)</u>	7,243,267

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.

Donated assets		8,203,627
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

(297,597)

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

Principal payments - bonds	\$ 4,155,000	
Issuance of general obligation debt	(27,775,000)	
Issuance of intergovernmental payable	(7,305,000)	
Issuance of note payable - Georgia Environmental Finance Authority	(5,274,000)	
Payment of refunded general obligation debt to escrow agent	<u>27,446,335</u>	(8,752,665)

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

Amortization of prepaid bond insurance	\$ (10,781)	
Amortization of bond premium	82,810	
Amortization of deferred charges on refunding	(247,496)	
Change in compensated absences	(71,173)	
Change in accrued interest	159,445	
Pension expense	<u>(162,126)</u>	(249,321)

Debt payments are currently being made on behalf of a component unit. The funds paid out will be repaid to the County in future periods. These debt payments are expenditures in the governmental fund statements, but a receivable is recorded on the government wide statements.

237,958

Change in net position - governmental activities

\$ 13,489,056

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

PAULDING COUNTY, GEORGIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2015

ASSETS	Water & Sewer Fund	Nonmajor Enterprise Funds	Total
ASSETS			
Current assets:			
Cash	\$ 18,492,246	\$ 625,688	\$ 19,117,934
Receivables	3,783,576	43,080	3,826,656
Due from other funds	-	532,050	532,050
Inventory	513,730	-	513,730
Restricted assets:			
Cash	26,676,329	-	26,676,329
Total current assets	<u>49,465,881</u>	<u>1,200,818</u>	<u>50,666,699</u>
Noncurrent assets:			
Prepaid bond insurance	101,490	-	101,490
Capital assets:			
Capital assets, not being depreciated	2,194,288	612,233	2,806,521
Capital assets, being depreciated	210,714,397	5,150,467	215,864,864
Less accumulated depreciation	<u>(67,165,551)</u>	<u>(2,929,552)</u>	<u>(70,095,103)</u>
Total capital assets, net of accumulated depreciation	<u>145,743,134</u>	<u>2,833,148</u>	<u>148,576,282</u>
Total assets	<u>195,310,505</u>	<u>4,033,966</u>	<u>199,344,471</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	548,145	-	548,145
Total deferred outflows of resources	<u>548,145</u>	<u>-</u>	<u>548,145</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,255,118	33,603	1,288,721
Accrued expenses	114,170	1,399	115,569
Construction contracts payable	30,000	-	30,000
Customer deposits payable	2,713,099	-	2,713,099
Due to other funds	361,915	-	361,915
Due to Industrial Building Authority	430,000	-	430,000
Unearned revenue	917,697	-	917,697
Compensated absences, current	259,342	6,274	265,616
Notes payable, current	27,435	198,308	225,743
Landfill closure and postclosure, current	-	499,759	499,759
Revenue bonds payable, current	3,570,000	-	3,570,000
Total current liabilities	<u>9,678,776</u>	<u>739,343</u>	<u>10,418,119</u>
Long-term liabilities:			
Due to Industrial Building Authority	3,835,000	-	3,835,000
Compensated absences	111,147	2,689	113,836
Notes payable	534,691	190,959	725,650
Landfill closure and postclosure	-	3,079,553	3,079,553
Revenue bonds payable	30,506,056	-	30,506,056
Total long-term liabilities	<u>34,986,894</u>	<u>3,273,201</u>	<u>38,260,095</u>
Total liabilities	<u>44,665,670</u>	<u>4,012,544</u>	<u>48,678,214</u>
NET POSITION			
Net investment in capital assets	107,358,097	2,443,881	109,801,978
Restricted:			
Debt Service	10,137,352	-	10,137,352
Capital Projects	15,495,840	-	15,495,840
Unrestricted	18,201,691	(2,422,459)	15,779,232
Total net position	<u>\$ 151,192,980</u>	<u>\$ 21,422</u>	<u>\$ 151,214,402</u>

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

PAULDING COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Water & Sewer Fund	Nonmajor Enterprise Funds	Total
OPERATING REVENUES			
Charges for services	\$ 26,271,173	\$ -	\$ 26,271,173
Penalties	743,831	-	743,831
Miscellaneous revenues	797,314	5,141	802,455
Landfill and recycling fees	-	781,485	781,485
Lease income	-	371,466	371,466
Total operating revenues	<u>27,812,318</u>	<u>1,158,092</u>	<u>28,970,410</u>
OPERATING EXPENSES			
Salaries and benefits	3,804,279	196,879	4,001,158
Other operating expenses	5,137,337	747,892	5,885,229
Depreciation expense	5,502,452	138,646	5,641,098
Water purchases	10,893,775	-	10,893,775
Total operating expenses	<u>25,337,843</u>	<u>1,083,417</u>	<u>26,421,260</u>
Operating income	2,474,475	74,675	2,549,150
NONOPERATING REVENUE (EXPENSES)			
Line maintenance fees	751,943	-	751,943
Interest income	30,659	-	30,659
Rent	2,179	-	2,179
Interest expense	(1,272,890)	(23,263)	(1,296,153)
Total nonoperating revenues (expenses)	<u>(488,109)</u>	<u>(23,263)</u>	<u>(511,372)</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS			
	1,986,366	51,412	2,037,778
Capital contributions	3,954,969	-	3,954,969
Transfers in	-	200,000	200,000
Total capital contributions and transfers	<u>3,954,969</u>	<u>200,000</u>	<u>4,154,969</u>
Change in net position	5,941,335	251,412	6,192,747
NET POSITION, beginning of year	<u>145,251,645</u>	<u>(229,990)</u>	<u>145,021,655</u>
NET POSITION, end of year	<u>\$ 151,192,980</u>	<u>\$ 21,422</u>	<u>\$ 151,214,402</u>

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

PAULDING COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Water & Sewer Fund	Nonmajor Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 27,703,202	\$ 1,177,466	\$ 28,880,668
Payments to suppliers and service providers	(15,925,525)	(913,290)	(16,838,815)
Payments to employees	(3,809,170)	(192,605)	(4,001,775)
Net cash provided by operating activities	<u>7,968,507</u>	<u>71,571</u>	<u>8,040,078</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments	5,018,997	-	5,018,997
Interest received	11,662	-	11,662
Net cash provided by investing activities	<u>5,030,659</u>	<u>-</u>	<u>5,030,659</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(1,630,744)	-	(1,630,744)
Principal payments on notes	(26,627)	(188,944)	(215,571)
Principal payments on bonds	(3,455,000)	-	(3,455,000)
Principal payments on intergovernmental payables	(420,000)	-	(420,000)
Interest and fiscal charges paid	(1,496,218)	(23,944)	(1,520,162)
Line maintenance fees	751,943	-	751,943
Capital contributions received	3,954,969	-	3,954,969
Net cash used in capital and related financing activities	<u>(2,321,677)</u>	<u>(212,888)</u>	<u>(2,534,565)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Rental income	2,179	-	2,179
Transfers in	-	200,000	200,000
Net cash provided by noncapital financing activities	<u>2,179</u>	<u>200,000</u>	<u>202,179</u>
Net increase in cash and cash equivalents	10,679,668	58,683	10,738,351
Cash and cash equivalents:			
Beginning of year	<u>34,488,907</u>	<u>567,005</u>	<u>35,055,912</u>
End of year	<u>\$ 45,168,575</u>	<u>\$ 625,688</u>	<u>\$ 45,794,263</u>
Classified as:			
Cash	\$ 18,492,246	\$ 625,688	\$ 19,117,934
Restricted cash	26,676,329	-	26,676,329
Total	<u>\$ 45,168,575</u>	<u>\$ 625,688</u>	<u>\$ 45,794,263</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 2,474,475	\$ 74,675	\$ 2,549,150
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	5,502,452	138,646	5,641,098
(Increase) decrease in accounts receivable	(195,028)	19,374	(175,654)
Increase in due from other funds	-	(174,516)	(174,516)
Decrease in inventories	(329,771)	-	(329,771)
Increase in accounts payable	129,386	9,118	138,504
Increase in due to other funds	305,972	-	305,972
Increase in customer deposits payable	97,501	-	97,501
Decrease in unearned revenue	(11,589)	-	(11,589)
Increase (decrease) in compensated absences	(4,891)	4,274	(617)
Net cash provided by operating activities	<u>\$ 7,968,507</u>	<u>\$ 71,571</u>	<u>\$ 8,040,078</u>

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

PAULDING COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS JUNE 30, 2015

ASSETS	Agency Funds
Cash and cash equivalents	\$ 3,169,939
Taxes receivable	<u>2,167,534</u>
Total assets	<u>\$ 5,337,473</u>
LIABILITIES	
Due to others	\$ 3,169,939
Uncollected taxes	<u>2,167,534</u>
Total liabilities	<u>\$ 5,337,473</u>

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

PAULDING COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Paulding County, Georgia (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

A. Reporting Entity

The County is a political subdivision of the State of Georgia and is governed by an elected County chairman and four elected commissioners. As required by generally accepted accounting principles, these financial statements include the principal financial activities of the County. In accordance with GASB requirements, the County considered potential component units for inclusion in its financial reporting entity. The Paulding County Health Department, Paulding County Industrial Building Authority, and Paulding County Airport Authority are included in the reporting entity because the Paulding County Board of Commissioners directly appoints a majority of component unit board members and a financial benefit/burden exists.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationship with the County. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Discretely Presented Component Units

The Paulding County Health Department (the "Health Department") serves the citizens of Paulding County and is governed by a board of appointed officials. The Paulding County Board of Commissioners appoints the officials to this board. Paulding County also makes monthly contributions to the Health Department to assist in operations. The Health Department operates on a July 1 through June 30 fiscal year.

A copy of the Paulding County Health Department's financial statements may be obtained by writing to the following address: Georgia Department of Human Resources District 1 Unit 1, 1305 Redmond Road, Building 614, Rome, GA 30165-1391.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

The Paulding County Industrial Building Authority (the “Industrial Building Authority”) serves the citizens of Paulding County and is governed by a board of appointed officials. The Paulding County Board of Commissioners appoints the officials to this board. Paulding County also makes monthly contributions to the Industrial Building Authority to assist in operations. The Industrial Building Authority issued bonds to provide capital for the construction of the Industrial Building Park and a sewer plant to accommodate the park. The Industrial Building Authority operates on a July 1 through June 30 fiscal year.

A copy of the Paulding County Industrial Building Authority’s financial statements may be obtained by writing to the following address: Paulding County Chamber of Commerce, 730 Airport Parkway, Dallas, Georgia 30157.

The Paulding County Airport Authority (the “Airport Authority”) serves the citizens of Paulding County and is governed by a board of appointed officials. The Paulding County Board of Commissioners appoints the officials to this board. Paulding County acts as the fiscal agent for the Airport Authority and provides personnel to oversee the construction and development of the airport. The Airport Authority operates on a July 1 through June 30 fiscal year.

A copy of the Paulding County Airport Authority’s financial statements may be obtained by writing to the following address: Paulding County Airport Authority, 730 Airport Parkway, Dallas, GA 30157.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements. Agency funds, however, have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers property taxes to be available if they are collected within 60 days of the end of the current fiscal period for which they are levied. Intergovernmental revenues susceptible to accrual are considered available if they are collected within 9 months of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, alcoholic beverage taxes, licenses, sales taxes, franchise taxes, charges for services, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County and are recognized as revenue at that time.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

The County reports the following major governmental funds:

The **General Fund** 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.

The **Fire Tax Fund** accounts for the operations of the fire department as well as capital purchases. A tax levy is placed on all property within Paulding County. The tax levy is restricted to the operational and capital expenditures of the fire department.

The **SPLOST IV Capital Projects Fund** accounts for resources which are used exclusively for roads, public safety, recreation, and economic development. The SPLOST IV fund replaces SPLOST III as the term for SPLOST III expired in April 2011 and SPLOST IV began in 2011.

The **Capital Projects Fund** accounts for the acquisition of capital assets for construction of major capital projects not being financed by proprietary funds or SPLOST.

The County reports the following major proprietary fund:

The **Water and Sewer Enterprise Fund** is the only major enterprise fund. This fund accounts for the operations of the water distribution and the sewer collection systems as well as related construction projects.

Additionally, the County reports the following fund types:

The **special revenue funds** account for revenue sources that are legally restricted or committed to expenditure for specific purposes (not including major capital projects).

The **Debt Service Fund** accounts for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

The **agency funds** are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the County holds for others in an agency capacity. The County accounts for assets held with Constitutional Officers for property taxes and fines and fees paid within the judicial system.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, interfund services provided and used have not been eliminated in this process.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the enterprise fund are charges to customers for sales and services provided. 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 non-operating revenues and expenses.

D. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are recorded at fair value based on quoted market prices as of the balance sheet date. Increases or decreases in the fair value during the year are recognized as a component of interest income.

State statutes authorize the County to invest in obligations of the U.S. Government or its agencies and corporations, obligations fully insured or guaranteed by the U.S. Government or its agencies, prime bankers acceptances, the State of Georgia Local Government Investment Pool, obligations of other political subdivisions of the State of Georgia, and repurchase agreements. Investments are recorded at fair value.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

F. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when acquired (purchase method) and are not inventoried at year end due to immateriality. Enterprise funds' inventories are valued at cost, which approximates market, and are expensed when used (consumption method).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are accounted for using the consumption method.

G. Capital Assets

Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. However, all additions to land and buildings are capitalized. Donated capital assets are recorded at estimated fair market value at the date of donation. No depreciation is taken on the donated assets in the same year of contribution. The County has elected to capitalize all general infrastructure assets regardless of the acquisition date and has used the estimated historical cost to value these assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend useful lives are expensed as incurred.

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets (Continued)

Capital assets of the primary government are depreciated or amortized using the straight line method over the following useful lives:

<u>Asset Category</u>	<u>Years</u>
Buildings and improvements	30
Furniture and Fixtures	5-10
Equipment	5-10
Water distribution system	40
Sewer system	40
Infrastructure	40

H. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The County has three items that qualify for reporting in this category. One is the deferred charge on refunding is reported in the government-wide and proprietary fund statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt.

The other elements that qualify for reporting in this category pertain to the recording of changes in the County's net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. The County reports a deferred outflow of resources for employer contributions made to the pension plan subsequent to the measurement date as these will be recognized as a reduction to the County's net pension liability in the year ended June 30, 2016. The County also reports deferred outflows of resources for the net difference between projected and actual earnings on pension investments. This item will be amortized against pension expense over a five year period.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Deferred Outflows / Inflows of Resources (Continued)

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

I. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements as these amounts will be paid to employees upon termination or retirement. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

J. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued and any related premiums are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Equity

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

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

Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when they include amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

Committed – Fund balances are reported as committed when they include amounts that can be used only for the specific purposes determined by a formal action of the County Board of Commissioners by passage of a resolution and the commitment can only be removed by a resolution of the Board.

Assigned – Fund balances are reported as assigned when they include amounts intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. The Board of Commissioners has delegated, through resolution, the Finance Director or the County Administrator the authority to assign amounts to be used for specific purposes.

Unassigned – Fund balances are reported as unassigned as the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications. The County's policy is to maintain an adequate General Fund unassigned fund balance to provide liquidity in the event of an economic downturn or natural disaster. Through resolution, the Board of Commissioners has adopted a financial standard to maintain a General Fund minimum unassigned fund balance of 25 percent of budgeted expenditures.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Equity (Continued)

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County’s policy to use fund balance in the following order: (1) Committed, (2) Assigned, and (3) Unassigned.

For the year ending June 30, 2015, the County has reported \$4,026,861 of encumbrances as assignments of fund balance in the General Fund.

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

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

L. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

M. Pensions

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

NOTES TO FINANCIAL STATEMENTS

NOTE 2. LEGAL COMPLIANCE – BUDGETS

A. Budgets and Budgetary Accounting

Annual appropriated budgets are adopted for the general, debt service, and special revenue funds on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end. Project-length budgets are adopted for capital projects funds. Annual budgets for the enterprise funds are adopted for management control purposes.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is used in the governmental funds.

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

1. Prior to June 1, the Chairman submits to the Board of Commissioners a proposed operating budget for each department for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments, giving notice thereof at least ten days in advance by publication in the official organ of the County.
3. The budget is then reviewed and adopted or amended by the Board of Commissioners at the first meeting in August of the year to which it applies.
4. Budget amounts can be transferred between line items within any department; however, any revisions of the budget at the department level greater than \$50,000 must be amended by formal action of the Board of Commissioners in a regular meeting. No increase can be made to increase budgeted expenditures without provision also being made for financing such an increase.
5. The budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. The legal level of budgetary control is at the department level.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. LEGAL COMPLIANCE – BUDGETS (Continued)

B. Deficit Fund Equity

The Solid Waste Fund has deficit fund equity of \$2,290,503 at June 30, 2015. The deficit occurred due to the recognition of the landfill closure and post-closure care liability as described in Note 7. Annually, a contribution is made from the General Fund to reduce this deficit.

C. Excess Expenditures Over Appropriations

For the year ended June 30, 2015 expenditures exceeded the budget in the General Fund departments as follows:

General Fund:	
General government	
General appropriations	\$ 142,217
Public works	
Stormwater	18,882
Health and welfare	
General health grant	514

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

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS

A. Primary Government

Credit risk. State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

The investment in the Georgia Fund 1 represents the County's portion of a pooled investment account operated by the Office of the State Treasurer. The pool consists of U.S. Treasury obligations, securities issued or guaranteed by the U.S. Government or any of its agencies or instrumentalities, banker's acceptances, overnight and term repurchase agreements with highly rated counterparties, and collateralized bank accounts. The investment in Georgia Fund 1 is valued at fair market value. As of June 30, 2015, the County considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation. Additionally, the money market funds are reported as cash equivalents at June 30, 2015.

Custodial credit risk. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes and County policy require all deposits to be collateralized 110% by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2015, the County's cash accounts were insured and/or collateralized as defined by GASB Standards.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2015, the County had the following investments that are included in the custodial credit risk discussion above related to deposits:

<u>Short-term Investments</u>	<u>Maturity</u>	<u>Credit Rating</u>	<u>Fair Value</u>
Fidelity Institutional Treasury MM	36 days weighted average	Aaa-mf	\$ 1,339,896
Georgia Fund 1	56 days weighted average	AAAf	64,637,573

Interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits the investments with maturities greater than one year to 25%. As a means of limiting its exposure to credit risk of investments the County limits its investments to those types noted previously and by diversifying its investment portfolio. As a means of limiting its exposure to custodial risk securities are held by an independent third party in the name of the County.

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NOTES TO FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES

A. Primary Government

Receivables at June 30, 2015, for the County's individual major funds and nonmajor funds in the aggregate are as follows:

	<u>General Fund</u>	<u>Fire Tax Fund</u>	<u>SPLOST IV Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>
Receivables:					
Taxes	\$ 1,285,931	\$ 485,045	\$ 1,301,512	\$ -	\$ 348,886
Other governments	1,298,125	-	-	6,984,055	-
Accounts	<u>379,787</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>277,389</u>
Gross receivables	2,963,843	485,045	1,301,512	6,984,055	626,275
Less allowance for uncollectibles	<u>(213,020)</u>	<u>(90,872)</u>	<u>-</u>	<u>-</u>	<u>(66,354)</u>
Net receivables	<u><u>\$ 2,750,823</u></u>	<u><u>\$ 394,173</u></u>	<u><u>\$ 1,301,512</u></u>	<u><u>\$ 6,984,055</u></u>	<u><u>\$ 559,921</u></u>
	<u>Water & Sewer Fund</u>	<u>Nonmajor Enterprise Funds</u>			
Receivables:					
Taxes	\$ -	\$ -			
Other governments	-	-			
Accounts	<u>5,271,440</u>	<u>43,080</u>			
Gross receivables	5,271,440	43,080			
Less allowance for uncollectibles	<u>(1,487,864)</u>	<u>-</u>			
Net receivables	<u><u>\$ 3,783,576</u></u>	<u><u>\$ 43,080</u></u>			

Property taxes for the 2015 fiscal year were levied on August 12, 2014, with property values assessed as of January 1, 2014. Bills are payable by the later of November 15, 2014 or sixty days from the date the property tax bills are mailed at which time the applicable property is subject to penalties and interest as assessed. Property taxes attached as an enforceable lien on property as of December 15, 2014.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

A. Primary Government

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 51,090,599	\$ 8,503,890	\$ -	\$ -	\$ 59,594,489
Construction in progress	20,571,133	16,495,666	-	(13,740,716)	23,326,083
Total capital assets, not being depreciated	<u>71,661,732</u>	<u>24,999,556</u>	<u>-</u>	<u>(13,740,716)</u>	<u>82,920,572</u>
Capital assets, being depreciated:					
Buildings and improvements	152,326,242	405,672	-	1,797,602	154,529,516
Equipment	40,039,960	2,419,251	(162,410)	4,573,799	46,870,600
Infrastructure	293,856,519	328,627	-	7,369,315	301,554,461
Total capital assets, being depreciated	<u>486,222,721</u>	<u>3,153,550</u>	<u>(162,410)</u>	<u>13,740,716</u>	<u>502,954,577</u>
Less accumulated depreciation for:					
Buildings and improvements	33,400,234	4,035,808	-	-	37,436,042
Equipment	32,255,136	2,468,816	(162,410)	-	34,561,542
Infrastructure	67,612,326	6,201,588	-	-	73,813,914
Total accumulated depreciation	<u>133,267,696</u>	<u>12,706,212</u>	<u>(162,410)</u>	<u>-</u>	<u>145,811,498</u>
Total capital assets, being depreciated, net	<u>352,955,025</u>	<u>(9,552,662)</u>	<u>-</u>	<u>13,740,716</u>	<u>357,143,079</u>
Governmental activities capital assets, net	<u>\$ 424,616,757</u>	<u>\$ 15,446,894</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 440,063,651</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities:					
Capital assets, not being depreciated:					
Land	\$ 2,163,798	\$ -	\$ -	\$ -	\$ 2,163,798
Construction in progress	215,294	427,429	-	-	642,723
Total capital assets, not being depreciated	<u>2,379,092</u>	<u>427,429</u>	<u>-</u>	<u>-</u>	<u>2,806,521</u>
Capital assets, being depreciated:					
Buildings and improvements	5,456,631	18,974	-	-	5,475,605
Equipment	5,403,441	457,547	(29,960)	-	5,831,028
Infrastructure	201,331,437	726,794	-	-	202,058,231
Intangible assets	2,500,000	-	-	-	2,500,000
Total capital assets, being depreciated	<u>214,691,509</u>	<u>1,203,315</u>	<u>(29,960)</u>	<u>-</u>	<u>215,864,864</u>
Less accumulated depreciation for:					
Buildings and improvements	2,078,157	188,592	-	-	2,266,749
Equipment	4,585,547	209,793	(29,960)	-	4,765,380
Infrastructure	57,670,261	5,192,713	-	-	62,862,974
Intangible assets	150,000	50,000	-	-	200,000
Total accumulated depreciation	<u>64,483,965</u>	<u>5,641,098</u>	<u>(29,960)</u>	<u>-</u>	<u>70,095,103</u>
Total capital assets, being depreciated, net	<u>150,207,544</u>	<u>(4,437,783)</u>	<u>-</u>	<u>-</u>	<u>145,769,761</u>
Business-type activities capital assets, net	<u>\$ 152,586,636</u>	<u>\$ (4,010,354)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,576,282</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 2,664,862
Judicial	36,710
Public safety	1,618,119
Public works	6,590,761
Health and welfare	27,824
Culture and recreation	750,040
Housing and development	1,017,896
Total depreciation expense - governmental activities	<u>\$ 12,706,212</u>

Business-type activities:

Water and Sewer Fund	\$ 5,502,452
Solid Waste Fund	60,784
DFACS Building Fund	77,862
Total depreciation expense - business-type activities	<u>\$ 5,641,098</u>

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NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

B. Discretely Presented Component Unit – Industrial Building Authority

	(As Revised) Beginning Balance	Increases	Decreases and Reclassifications	Ending Balance
Industrial Building Authority:				
Capital assets, not being depreciated:				
Land	\$ 753,731	\$ -	\$ -	\$ 753,731
Construction in progress	1,908,975	692,663	(323,354)	2,278,284
Total capital assets, not being depreciated	<u>2,662,706</u>	<u>692,663</u>	<u>(323,354)</u>	<u>3,032,015</u>
Capital assets, being depreciated:				
Buildings	5,387,715	-	-	5,387,715
Infrastructure	1,146,839	487,843	-	1,634,682
Equipment and vehicles	135,453	-	(10,878)	124,575
Total capital assets, being depreciated	<u>6,670,007</u>	<u>487,843</u>	<u>(10,878)</u>	<u>7,146,972</u>
Less accumulated depreciation for:				
Buildings	295,330	134,693	-	430,023
Infrastructure	55,573	42,240	-	97,813
Equipment and vehicles	50,762	15,976	(10,878)	55,860
Total accumulated depreciation	<u>401,665</u>	<u>192,909</u>	<u>(10,878)</u>	<u>583,696</u>
Total capital assets, being depreciated, net	<u>6,268,342</u>	<u>294,934</u>	<u>-</u>	<u>6,563,276</u>
Industrial Building Authority capital assets, net	<u>\$ 8,931,048</u>	<u>\$ 987,597</u>	<u>\$ (323,354)</u>	<u>\$ 9,595,291</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

C. Discretely Presented Component Unit – Airport Authority

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Airport Authority:				
Capital assets, not being depreciated:				
Land	\$ 3,863,253	\$ -	\$ -	\$ 3,863,253
Construction in progress	<u>2,970,282</u>	<u>223,845</u>	<u>-</u>	<u>3,194,127</u>
Total capital assets, not being depreciated	<u>6,833,535</u>	<u>223,845</u>	<u>-</u>	<u>7,057,380</u>
Capital assets, being depreciated:				
Infrastructure	1,129,152	-	-	1,129,152
Equipment and vehicles	<u>1,351</u>	<u>3,835</u>	<u>-</u>	<u>5,186</u>
Total capital assets, being depreciated	<u>1,130,503</u>	<u>3,835</u>	<u>-</u>	<u>1,134,338</u>
Less accumulated depreciation for:				
Infrastructure	39,967	28,228	-	68,195
Equipment and vehicles	<u>878</u>	<u>334</u>	<u>-</u>	<u>1,212</u>
Total accumulated depreciation	<u>40,845</u>	<u>28,562</u>	<u>-</u>	<u>69,407</u>
Total capital assets, being depreciated, net	<u>1,089,658</u>	<u>(24,727)</u>	<u>-</u>	<u>1,064,931</u>
Airport Authority capital assets, net	<u>\$ 7,923,193</u>	<u>\$ 199,118</u>	<u>\$ -</u>	<u>\$ 8,122,311</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2015, is as follows:

Due to/from other funds:

Receivable fund	Payable fund	Amount
General fund	SPLOST IV fund	\$ 531,198
General fund	Capital projects fund	3,551,153
General fund	Fire tax fund	1,860,344
General fund	Water sewer fund	361,915
General fund	Nonmajor governmental funds	733,046
		\$ 7,037,656
Nonmajor governmental funds	General fund	\$ 550,858
Nonmajor enterprise funds	General fund	\$ 532,050

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payment between funds are made. Interfund balances are expected to be repaid within one year.

Due to/from component units:

Receivable entity	Payable entity	Amount
Governmental activities	Industrial Building Authority	\$ 2,795,323

The balance between the governmental activities and the Paulding County Industrial Building Authority resulted from the County paying the principal and interest on the Paulding County Industrial Building Authority, Series 2012A Revenue Bonds. The bonds were originally issued to purchase land for an industrial park. The County is expected to be reimbursed by the Industrial Building Authority in the future.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Interfund transfers for the year ended June 30, 2015, were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Nonmajor governmental funds	General fund	<u>\$ 365,789</u>
Capital projects fund	General fund	<u>\$ 187,448</u>
Nonmajor enterprise funds	General fund	<u>\$ 200,000</u>

Transfers are used to (1) move funds from the General Fund to the Solid Waste Fund to adequately meet the expenditures of the Solid Waste Fund, and (2) to move funds available from remaining project funds in the Capital Projects Fund into the Debt Service Fund to pay bond debt service requirement.

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NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT

A. Primary Government

The following is a summary of long-term debt activity for the year ended June 30, 2015:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable	\$ 75,855,000	\$ 27,775,000	\$ (29,085,000)	\$ 74,545,000	\$ 4,075,000
Plus: Premiums	836,519	-	(711,343)	125,176	-
Total bonds payable	76,691,519	27,775,000	(29,796,343)	74,670,176	4,075,000
GEFA notes payable	1,739,559	5,274,000	-	7,013,559	-
Intergovernmental payable	4,590,000	7,305,000	(415,000)	11,480,000	730,000
Net pension liability	6,150,817	1,482,674	(974,919)	6,658,572	-
Compensated absences	3,753,255	2,511,159	(2,439,986)	3,824,428	2,677,100
Governmental activities long-term liabilities	<u>\$ 92,925,150</u>	<u>\$ 44,347,833</u>	<u>\$ (33,626,248)</u>	<u>\$ 103,646,735</u>	<u>\$ 7,482,100</u>
Business-type Activities:					
Bonds payable	\$ 36,205,000	\$ -	\$ (3,455,000)	\$ 32,750,000	\$ 3,570,000
Plus: Premiums	1,645,544	-	(319,488)	1,326,056	-
Total bonds payable	37,850,544	-	(3,774,488)	34,076,056	3,570,000
Notes payable	1,166,964	-	(215,571)	951,393	225,743
Intergovernmental payable	4,685,000	-	(420,000)	4,265,000	430,000
Landfill closure/ postclosure costs	3,579,312	-	-	3,579,312	499,759
Compensated absences	380,069	225,343	(225,960)	379,452	265,616
Business-type activities long-term liabilities	<u>\$ 47,661,889</u>	<u>\$ 225,343</u>	<u>\$ (4,636,019)</u>	<u>\$ 43,251,213</u>	<u>\$ 4,991,118</u>

For governmental activities, compensated absences and the net pension liability are being liquidated primarily by the General Fund. For business-type activities, compensated absences are liquidated by the Water and Sewer and Solid Waste funds.

General Obligation Bonds. During fiscal year 2007, the County issued \$14,885,000 of Series 2007A general obligation bonds. The 2007A Bonds were issued for the purpose of providing funds to finance the costs of acquiring land to conserve open space. They bear interest at 4.0% and are payable on February 1 and August 1 of each year. The 2007A bonds mature on August 1, 2022.

During fiscal year 2007, the County issued \$65,000,000 of Series 2007B general obligation bonds. The 2007B bonds were issued to finance costs of constructing the courthouse and administration building. The bonds, which bear interest at rates from 4.0% to 5.0% are payable on February 1 and August 1 of each year. The 2007B bonds mature on February 1, 2032.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

During fiscal year 2010, the County issued \$5,000,000 of Series 2009 general obligation bonds. The 2009 bonds were issued to refund the Series 1999 Bonds maturing August 1, 2009 through 2015. The bonds, which bear interest at rates from 2.25% to 3.0%, mature August 1, 2015.

During fiscal year 2014, the County issued \$41,030,000 of Series 2013 general obligation bonds. The 2013 bonds were issued to refund \$35,575,000 of the \$58,230,000 in aggregate principal amount of the Series 2007B Bonds maturing February 1, 2018 through 2028. The bonds, which bear interest at a rate of 2.45%, mature February 1, 2028.

During fiscal year 2015, the County issued \$27,775,000 of Series 2015 general obligation bonds. The 2015 bonds were issued to refund \$25,345,000 of the \$30,760,000 in aggregate principal amount of the Series 2007 general obligation bonds maturing August 1, 2017 through 2022 and February 1, 2029 through 2032. The bonds bear interest rates of 1.777% and 2.601%. The refunding resulted in a difference between the reacquisition price and the carrying amount of the old debt of \$1,553,723. This difference is reported in the accompanying financial statements as a deferred outflow of resources, and is being charged to operations through year 2032 using the straight-line method. The County advance refunded a portion of the Series 2007 Bonds to reduce its total debt service payments over the next 15 years by \$4,482,243 and to obtain an economic gain of approximately \$3,629,923. The current outstanding amount of debt considered legally defeased equals \$25,345,000 as of June 30, 2015.

The County's debt service requirements to maturity on the general obligation bonds are as follows:

Year ending June 30,	Principal	Interest	Total
2016	\$ 4,075,000	\$ 1,856,968	\$ 5,931,968
2017	4,255,000	1,765,200	6,020,200
2018	4,445,000	1,590,554	6,035,554
2019	4,545,000	1,489,409	6,034,409
2020	4,655,000	1,385,853	6,040,853
2021-2025	22,170,000	5,339,588	27,509,588
2026-2030	21,010,000	2,865,280	23,875,280
2031-2032	9,390,000	367,911	9,757,911
Total	\$ 74,545,000	\$ 16,660,763	\$ 91,205,763

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

GEFA Notes Payable. In fiscal year 2013, the County entered into an agreement with the Georgia Environmental Finance Authority to finance the engineering and mitigation cost of the Reservoir project. As of June 30, 2015, the loan has a balance of \$7,013,559 and is still in the draw down phase, therefore, a future payment schedule has not been established. During the construction phase interest is being paid monthly at 1.0% of the outstanding amount. Following the construction phase this note will become permanent with an interest rate of 3.13% and payable over a ten year period.

Intergovernmental payable – Industrial Building Authority. The County has entered into an intergovernmental agreement with the Industrial Building Authority to pay the Paulding County Industrial Building Authority Revenue Bond Series 2013. The Series 2013 Revenue Bonds were issued in the amount of \$4,590,000. The bonds, which bear interest at a rate of 2.25% are payable on February 1 and August 1 of each year. The Revenue Bonds Series 2013 mature on February 1, 2024.

The County has also entered into an intergovernmental agreement with the Industrial Building Authority to pay the Paulding County Industrial Building Authority Revenue Bond Series 2011 A&B issued to construct the Airport Technology Park Water Tank, Fire Protection, a Hangar and a Film Studio, which has served as a non-exchange financial guarantee. For the fiscal year ended June 30, 2015 and in years prior to the year ended June 30, 2015, the County has not and did not expect to make the debt service payments for the IBA; however, in years subsequent to the year ended June 30, 2015, the County plans to make the debt service payments on behalf of the IBA and expects to until the maturity of these bonds. The Series 2011A and Series 2011B Revenue Bonds were issued in the amount of \$1,100,000 and \$6,800,000, respectively. The Series 2011A and Series 2011B bonds, which bear interest at rates from 2.0% to 4.8% and 1.6% to 6.1%, respectively, are payable on August 1 and February 1 of each year. The Revenue Bonds Series 2011A and Series 2011B mature on August 1, 2031.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

The County's debt service requirements to maturity on the intergovernmental payable are as follows:

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 730,000	\$ 446,509	\$ 1,176,509
2017	750,000	428,984	1,178,984
2018	765,000	409,524	1,174,524
2019	785,000	388,398	1,173,398
2020	810,000	365,464	1,175,464
2021-2025	3,920,000	1,420,981	5,340,981
2026-2030	2,500,000	742,209	3,242,209
2031-2032	1,220,000	73,283	1,293,283
Total	<u>\$ 11,480,000</u>	<u>\$ 4,275,352</u>	<u>\$ 15,755,352</u>

Revenue Bonds. Series 2009 Water and Sewer Revenue Bonds – In February 2009, the County Water and Sewer Fund issued \$15,740,000 in revenue bonds to provide financing for water and sewer infrastructure. The County's obligations are payable solely from the net revenues of the Water and Sewer System. The bonds bear interest at rates from 2.0% to 5.0%, and will mature December 1, 2022.

Series 2009A Water and Sewer Revenue Bonds – In November 2009, the County Water and Sewer Fund issued \$17,755,000 in revenue bonds to refund the 1999 Water and Sewer Revenue Bonds. The County's obligations are payable solely from the net revenues of the Water and Sewer System. The bonds bear interest at rates from 2.0% to 5.0%, and will mature December 1, 2021.

Series 2012 Water and Sewer Revenue Bonds – In April 2012, the County Water and Sewer Fund issued \$7,445,000 in revenue bonds to partially refund the 2004 Water and Sewer Revenue Bonds. The County's obligations are payable solely from the net revenues of the Water and Sewer System. The bonds bear interest at rates from 2.0% to 4.0%, and will mature December 1, 2021.

The County has pledged 100% of future water customer revenues, net of specified operating expenses, to repay the water system revenue bonds noted above.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

The County's debt service requirements to maturity on the revenue bonds are as follows:

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 3,570,000	\$ 1,264,945	\$ 4,834,945
2017	3,670,000	1,145,294	4,815,294
2018	3,820,000	1,015,532	4,835,532
2019	3,940,000	886,350	4,826,350
2020	4,080,000	728,928	4,808,928
2021-2023	13,670,000	988,550	14,658,550
Total	<u>\$ 32,750,000</u>	<u>\$ 6,029,599</u>	<u>\$ 38,779,599</u>

Notes Payable. In December 2001, the County entered into an agreement with the Association County Commissioners of Georgia ("ACCG") to finance offices for the Department of Family and Children Services located on land in Paulding County. The agreement was originally executed for \$2,523,500, with an interest rate of 3.9%. The agreement is paid each month through June 3, 2017.

In January 2010, the County entered into an agreement with the Georgia Environmental Finance Authority to finance the construction of water reuse lines. The agreement was originally executed for \$660,000, with an interest rate of 3.0%. The agreement is paid each month beginning September 1, 2011 through August 1, 2031.

The debt service requirements to maturity are as follows:

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 225,743	\$ 31,067	\$ 256,810
2017	219,115	19,954	239,069
2018	29,130	14,794	43,924
2019	30,016	13,908	43,924
2020	30,929	12,995	43,924
2021-2025	169,340	50,280	219,620
2026-2030	196,709	22,912	219,621
2031-2032	50,411	949	51,360
Total	<u>\$ 951,393</u>	<u>\$ 166,859</u>	<u>\$ 1,118,252</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Intergovernmental payable – Industrial Building Authority. The County has entered into an intergovernmental agreement with the Industrial Building Authority to pay the Paulding County Industrial Building Authority Revenue Bond Series 2003 B&C issued to construct a sewer treatment plant which was refunded by the Series 2012B Bonds. The Series 2012B Revenue Bonds were issued in the amount of \$5,090,000. The bonds, which bear interest at rates from 1.0% to 3.0% are payable on June 1 and December 1 of each year. The Revenue Bonds Series 2012B mature on December 1, 2023.

The County's debt service requirements to maturity on the intergovernmental payable are as follows:

Year ending	Principal	Interest	Total
<u>June 30,</u>			
2016	\$ 430,000	\$ 97,800	\$ 527,800
2017	440,000	92,100	532,100
2018	450,000	83,200	533,200
2019	450,000	71,950	521,950
2020	475,000	58,075	533,075
2021-2024	<u>2,020,000</u>	<u>94,025</u>	<u>2,114,025</u>
Total	<u>\$ 4,265,000</u>	<u>\$ 497,150</u>	<u>\$ 4,762,150</u>

Landfill post-closure costs. State and federal laws and regulations require the County to place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. Governmental accounting standards require the County to estimate and accrue for future costs associated with the closure and post-closure care of the landfill. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the amount of the landfill capacity used during the year. The recorded liability for landfill closure and post-closure care costs at year end totaled \$3,579,312. This amount is based on the total estimated cost of closure and post-closure costs multiplied by management's estimate of the percentage of landfill capacity used at year end (94%). The estimated total current cost of the landfill closure and post-closure care (approximately \$3,819,279,) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2015. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. As of June 30, 2015 it is estimated that the remaining life of the landfill is eight years.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

B. Discretely Presented Component Unit – Industrial Building Authority

The following is a summary of long-term debt activity for the year ended June 30, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	\$ 18,925,000	\$ -	\$ (1,335,000)	\$ 17,590,000	\$ 1,360,000
Plus: Premiums	202,602	-	(36,337)	166,265	-
Less: Discounts	(14,497)	-	1,689	(12,808)	-
Total bonds payable	<u>\$ 19,113,105</u>	<u>\$ -</u>	<u>\$ (1,369,648)</u>	<u>\$ 17,743,457</u>	<u>\$ 1,360,000</u>

Revenue Bonds. On May 1, 2011 the Authority issued \$7,900,000 of Revenue Bonds. The Bonds were issued in two separate series for various purposes. The Series 2011A Revenue Tax-exempt Bonds in the amount of \$1,100,000 were issued for the purpose of construction of the Airport and Airport Technology Park Water Tank and Fire Protection. The Series 2011B Taxable Revenue Bonds in the amount of \$6,800,000 were issued for the purpose of construction of a Hangar with an approximate cost of \$1,200,000 and the construction of a Film Studio with an approximate cost of \$5,000,000 with remaining \$600,000 to cover the cost of issuing the Bonds and to capitalized interest cost during the construction period. The Series 2011A bonds will be serviced through an annual payment from the Authority, commencing on August 1, 2013 of \$40,000 to \$80,000 through August 1, 2031 at an interest rate of 2.0% to 4.8%. As of June 30, 2015, the outstanding principal amount is \$1,015,000. The Series 2011B bonds will be serviced through an annual payment from the Authority, commencing on August 1, 2027 of \$430,000 to \$545,000 through August 1, 2031 at an interest rate of 1.6% to 6.1%. As of June 30, 2015, the outstanding principal amount is \$6,290,000.

Paulding County, Georgia and the Authority have entered into an Intergovernmental Contract Dated May 1, 2011, whereby the County is obligated to make payments to the Authority sufficient in time and amount to enable the Authority to pay the principal and interest on the 2011A and 2011B Revenue Bonds as they mature.

On October 25, 2012 the Authority issued \$7,315,000 in Revenue Bonds for the purpose of retiring the 2003 Revenue Bonds. The Bonds were issued in two separate series for various purposes. The Series 2012A Taxable Revenue Bonds in the amount of \$2,225,000 were issued to pay off the Series 2003A Taxable Revenue Bonds. The Series 2012B Tax-Exempt Revenue Bonds in the amount of \$5,090,000 were issued to pay off the Series 2003B and 2003C Tax-Exempt Revenue bonds. The bond premium on the issue is being amortized. The Series 2012A bonds will be serviced through an annual payment from the Authority, commencing on December 1, 2013 of \$180,000 to \$220,000 through December 1, 2023 at an interest rate of 1.0% to 3.0%. As of June 30, 2015, the outstanding principal amount is \$1,845,000. The Series 2012B bondswill be serviced through an annual payment from the Authority, commencing on December 1, 2013 of \$405,000 to \$520,000 through December 1, 2023 at an interest rate of 2.0% to 2.125%. As of June 30, 2015, the outstanding principal amount is \$4,265,000.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

B. Discretely Presented Component Unit – Industrial Building Authority (Continued)

Paulding County, Georgia and the Authority have entered into an Intergovernmental Contract Dated October 1, 2012, whereby the County is obligated to make payments to the Authority sufficient in time and amount to enable the Authority to pay the principal and interest on the Bonds as they mature.

These bonds were issued to provide funds to finance the cost of certain road projects of the County. Paulding County, Georgia and the Authority have entered into an Intergovernmental Contract Dated October 1, 2013, whereby the County is obligated to make payments to the Authority sufficient in time and amount to enable the Authority to pay the principal and interest on the Bonds as they mature. The Series 2013 bonds will be serviced through an annual payment from the Authority, commencing on February 1, 2015 of \$415,000 to \$505,000 through February 1, 2024 at an interest rate of 2.25%. As of June 30, 2015, the outstanding principal amount is \$4,175,000.

The Industrial Building Authority's debt service requirements to maturity on the revenue bonds are as follows:

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,360,000	\$ 592,123	\$ 1,952,123
2017	1,390,000	564,847	1,954,847
2018	1,415,000	535,448	1,950,448
2019	1,435,000	503,216	1,938,216
2020	1,485,000	464,171	1,949,171
2021-2025	6,785,000	1,645,394	8,430,394
2026-2030	2,500,000	813,028	3,313,028
2031-2032	1,220,000	143,666	1,363,666
Total	<u>\$ 17,590,000</u>	<u>\$ 5,261,893</u>	<u>\$ 22,851,893</u>

C. Discretely Presented Component Unit – Airport Authority

The following is a summary of long-term debt activity for the year ended June 30, 2015:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable	\$ -	\$ 3,600,000	\$ (360,000)	\$ 3,240,000	\$ 325,000
Total bonds payable	<u>\$ -</u>	<u>\$ 3,600,000</u>	<u>\$ (360,000)</u>	<u>\$ 3,240,000</u>	<u>\$ 325,000</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

C. Discretely Presented Component Unit – Airport Authority (Continued)

Revenue Bonds. On July 30, 2014 Paulding County Airport Authority issued Paulding Northwest Atlanta Airport Project, Series 2014 Revenue Bonds in the amount of \$3,600,000, to fund the cost of acquiring, constructing, extending and improving the landing field at the Paulding Northwest Atlanta Airport.

The Airport Authority's debt service requirements to maturity on the bonds are as follows:

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 325,000	\$ 76,140	\$ 401,140
2017	335,000	68,502	403,502
2018	345,000	60,630	405,630
2019	350,000	52,522	402,522
2020	360,000	44,298	404,298
2021-2024	1,525,000	90,592	1,615,592
Total	<u>\$ 3,240,000</u>	<u>\$ 392,684</u>	<u>\$ 3,632,684</u>

On October 7, 2013, the Authority entered into an agreement with Silver Comet Terminal Partners, LLC (the "Company"), whereby the Company will pay the Authority annual amounts equal to the bonded indebtedness discussed above. To the extent the Authority receives any reimbursement from a grant for the costs associated with the project funded by the debt issuance, the Authority will repay the Company any amounts associated with the principal portion of the payments made by the Company under the agreement, reduce the remaining principal outstanding, and repay the interest paid by the Company. If the grant reimbursement is insufficient to repay interest paid to date, the Authority will not be responsible for repaying the interest portion of the payments made by the Company. The Authority anticipates a reimbursement from a grant for the project costs but does not expect this reimbursement to occur within the next fiscal year. Project costs to date total \$3,194,127 while the total debt service requirements on the bonds is \$4,035,220 (Principal: \$3,600,000, Interest: \$435,220). Because project costs to date that are potentially reimbursable do not exceed the potential principal that will be paid by the Company, only a liability of \$360,000 to the Company for the principal payment made during fiscal year ending June 30, 2015 has been reflected in the accompanying financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PLAN

A. Primary Government

Plan Description

The County, as authorized by the County Commission, has established a non-contributory defined benefit pension plan, The Paulding County Defined Benefit Plan (the "Plan"), covering substantially all of the County's employees. The County's pension plan is administered through the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (the ACCG Plan), an agent multiple-employer pension plan administered by GEBCorp and affiliated with the Association of County Commissioners of Georgia (ACCG). The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. Plan benefits are provided for Plan participants who were participants in the Plan before January 1, 2004 whereby retirees receive between 1% and 1.75% multiplied by the average of the highest five consecutive years of earnings multiplied by the total credited years of service. Plan benefits are provided for Plan participants who were participants in the Plan on or after January 1, 2004 whereby retirees receive 1% multiplied by the average of the highest five consecutive years of earnings multiplied by the total credited years of service. The ACCG, in its role as the Plan sponsor, has the sole authority to establish and amend the benefit provisions and the contribution rates of the County related to the Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of the Plan, as provided in Section 19.02 of the ACCG Plan document. The County Commission retains this authority. The ACCG Plan issues a publicly available financial report that includes financial statements and required supplementary information for the pension trust. That report may be obtained at www.gebcorp.com or by writing to the Association County Commissioners of Georgia, Retirement Services, 191 Peachtree Street, NE, Atlanta, Georgia 30303 or by calling (800) 736-7166.

Plan membership. As of January 1, 2014, pension plan membership consisted of the following:

Retirees, Beneficiaries and Disables receiving benefits	144
Terminated plan participants entitled to but not yet receiving benefits	300
Active employees participating in the Plan	598
Total number of Plan participants	<u>1,042</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PLAN (CONTINUED)

A. Primary Government (Continued)

Contributions. The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of the ACCG Plan has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the Plan, as adopted by the County Commission, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. No contributions are made by plan participants. For the year ended June 30, 2015, the County's contribution rate was 6.6% of annual payroll. County contributions to the Plan were \$2,086,988 for the year ended June 30, 2015.

Net Pension Liability of the County

Effective July 1, 2014, the County implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which significantly changed the County's accounting for pension amounts. The information disclosed below is presented in accordance with this new standard.

The County's net pension liability was measured as of December 31, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2014 with update procedures performed by the actuary to roll forward to the total pension liability measured as of December 31, 2014.

Actuarial assumptions. The total pension liability in the July 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.5% - 5.5%, including inflation
Investment rate of return	7.50 %, net of pension plan investment expense, including inflation

Mortality rates for were based on the RP-2000 Combined Healthy Mortality Table.

The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for through December 31, 2013.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PLAN (CONTINUED)

A. Primary Government (Continued)

Net Pension Liability of the County (Continued)

The long-term expected rate of return on pension plan investments was determined through a blend of using a building-block method based on 20-year benchmarks (25%) and 30-year benchmarks (25%), as well as forward-looking capital market assumptions for a moderate asset allocation (50%), as determined by UBS. Expected future rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2014 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30%	6.78%
Large Cap equity	30%	9.77
International equity	15%	7.48
Other equity	20%	9.23
Real estate	5%	10.63
Total	<u>100%</u>	

* Rates shown are net of the 3.00% assumed rate of inflation

Discount rate. The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that County contributions will be made based on the average County contribution made to the Plan over the prior five years. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PLAN (CONTINUED)

A. Primary Government (Continued)

Changes in the Net Pension Liability of the County. The changes in the components of the net pension liability of the County for the year ended June 30, 2015, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/14	\$ 34,776,907	\$ 28,626,090	\$ 6,150,817
Changes for the year:			
Service cost	935,935	-	935,935
Interest	2,565,038	-	2,565,038
Contributions—employer	-	1,198,002	(1,198,002)
Net investment income	-	1,897,270	(1,897,270)
Benefit payments, including refunds of employee contributions	(1,152,809)	(1,152,809)	-
Administrative expense	-	(99,561)	99,561
Other changes	-	(2,493)	2,493
Net changes	<u>2,348,164</u>	<u>1,840,409</u>	<u>507,755</u>
Balances at 6/30/15	<u>\$ 37,125,071</u>	<u>\$ 30,466,499</u>	<u>\$ 6,658,572</u>

The required schedule of changes in the County's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the County, calculated using the discount rate of 7.5 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
County's net pension liability	\$ 12,805,554	\$ 6,658,572	\$ 1,653,490

NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PLAN (CONTINUED)

A. Primary Government (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2014 and the current sharing pattern of costs between employer and employee.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the County recognized pension expense of \$1,482,674. At June 30, 2015, the County reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Plan contributions made subsequent to the measurement period	\$ 888,986
Net difference between projected and actual earnings on pension plan investments	223,083
Total	\$ 1,112,069

County contributions subsequent to the measurement date of \$888,986 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:		
2016	\$	55,771
2017		55,771
2018		55,771
2019		55,770
Total	\$	223,083

NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PLAN (CONTINUED)

A. Discretely Presented Component Unit – Health Department

Plan Description

ERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. ERS issues a publicly available financial report that can be obtained at www.ers.ga.gov/formspubs/formspubs.

Benefits Provided

The ERS Plan supports three benefit tiers: Old Plan, New Plan, and Georgia State Employees' Pension and Savings Plan (GSEPS). Employees under the old plan started membership prior to July 1, 1982 and are subject to plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982 but prior to January 1, 2009 are new plan members subject to modified plan provisions. Effective January 1, 2009, new state employees and rehired state employees who did not retain membership rights under the Old or New Plans are members of GSEPS. ERS members hired prior to January 1, 2009 also have the option to irrevocably change their membership to GSEPS.

Under the old plan, the new plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, postretirement cost-of-living adjustments may also be made to members' benefits, provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PLAN (CONTINUED)

A. Discretely Presented Component Unit – Health Department (Continued)

Contributions

Member contributions under the old plan are 4% of annual compensation, up to \$4,200, plus 6% of annual compensation in excess of \$4,200. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The Health Department's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2015 was 21.96% of annual covered payroll for old and new plan members and 18.87% for GSEPS members. The Health Department's contributions to ERS totaled \$158,547 for the year ended June 30, 2015. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

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

Effective July 1, 2014, the Health Department implemented the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, which significantly changed the Health Department's accounting for pension amounts. The information disclosed below is presented in accordance with this new standard.

At June 30, 2015, the Health Department reported a liability for its proportionate share of the net pension liability in the amount of \$1,035,396. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2013. An expected total pension liability as of June 30, 2014 was determined using standard roll-forward techniques. The Health Department's proportion of the net pension liability was based on contributions to ERS during the fiscal year ended June 30, 2014. At June 30 2014, the Health Department's proportion was 0.027606%, which was an increase (decrease) of 0.000448% from its proportion measured as of June 30, 2013.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PLAN (CONTINUED)

B. Discretely Presented Component Unit – Health Department (Continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2015, the Health Department recognized pension expense of \$71,591. At June 30, 2015, the Health Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 252,708
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,378	-
Employer contributions subsequent to the measurement date	158,547	-
Total	\$ 171,925	\$ 252,708

Health Department contributions subsequent to the measurement date of \$158,547 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:		
2016	\$	(54,816)
2017		(58,160)
2018		(63,177)
2019		(63,177)
Total		(239,330)

NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PLAN (CONTINUED)

B. Discretely Presented Component Unit – Health Department (Continued)

Actuarial assumptions

The total pension liability as of June 30, 2014 was determined by an actuarial valuation as of June 30, 2013 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	5.45 – 9.25%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for the periods after service retirement, for dependent beneficiaries, and for deaths in active service, and the RP-2000 Disabled Mortality Table set back eleven years for males for the period after disability retirement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2004 – June 30, 2009.

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

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return*</u>
Fixed income	30.0%	3.00%
Domestic Large Stocks	39.7%	6.50%
Domestic Mid Stocks	3.7%	10.00%
Domestic Small Stocks	1.6%	13.00%
International Developed Market Stocks	18.9%	6.50%
International Emerging Market Stocks	6.1%	11.00%
Total	100.0%	

* Rates shown are net of the 3% assumed rate of inflation

NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PLAN (CONTINUED)

B. Discretely Presented Component Unit – Health Department (Continued)

Discount rate

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

Sensitivity of the Health Department's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Health Department's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the Health Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Health Department's proportionate share of net pension liability	\$ 1,509,812	\$ 1,035,396	\$ 631,557

Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued ERS financial report which is publically available at www.ers.ga.gov/formspubs/formspubs.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED CONTRIBUTION PLAN

The County adopted the Paulding County Supplemental Retirement Plan on June 1, 2004. This plan is administered by AIG VALIC. The 401 (a) is a defined contribution plan that covers substantially all employees.

The County will match any contribution made by an employee to the deferred compensation plan on a 1 to 1 basis up to a maximum contribution by the County of 1% of employees annual salary. Contributions are calculated and made on a biweekly payroll basis. The Board of Commissioners establishes required contribution and matching percentages.

Employees become eligible for the plan on the date of hire provided they are full-time and work a minimum of 30 hours per week. Actual participation in the plan begins with the first payroll following their date of hire. Participants are fully vested in the plan after five years of service. The plan was established by resolution of the Board of Commissioners. It may also be amended by resolution of same.

The County has made the following contributions to the plan:

Year ending June 30,	County Contributions	Employee Contributions	Total Contributions
2014	\$ 289,028	\$ 787,997	\$ 1,077,025
2015	324,337	846,622	1,170,959

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; natural disasters; injuries to employees; and losses resulting from providing accident and health benefits to employees and their dependents.

The County participates in the Association of County Commissioners of Georgia (ACCG) Workers' Compensation Self Insurance Fund and the Interlocal Risk Management Agency (IRMA), a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

As part of the risk pool, the County is obligated to pay all contributions and assessments as prescribed by the pool, 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 workers' 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.

Settled claims have not exceeded insurance coverage in any of the last three years. There have been no significant reductions of insurance coverage from the prior year.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. COMMITMENTS AND CONTINGENCIES

Contractual Commitments

In addition to the liabilities enumerated in the balance sheet, at June 30, 2015, the County has contractual commitments on uncompleted contracts of approximately \$10,032,427 consisting of Recreation contracts, \$334,403, Public Safety contracts, \$1,660,945, and Department of Transportation contracts, \$8,037,079.

Litigation

The County is a defendant in certain legal actions in the nature of claims for alleged damages to persons and property and other similar types of actions arising in the course of County operations. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the County.

Grant Contingencies

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, County management believes such disallowances, if any, will not be significant.

NOTE 12. JOINT VENTURE

Under Georgia law, the County, in conjunction with other cities and counties in the area, is a member of the Northwest Georgia Regional Commission and is required to pay annual dues thereto. During the year ended June 30, 2015, the County paid \$130,876 in such dues. Membership in the Commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the Commission in Georgia.

The Commission Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the Commission. Separate financial statements may be obtained from:

Northwest Georgia Regional Commission
P.O. Box 1798
Rome, GA 30162-1798

NOTES TO FINANCIAL STATEMENTS

NOTE 13. CHANGE IN ACCOUNTING PRINCIPLE

As discussed in Note 8 above, the County implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* as well as Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, effective July 1, 2014. The new standards significantly changed the County’s accounting for pension amounts. As a result of this change in accounting principle, the County was required to restate beginning net position for Governmental Activities as shown below:

	Governmental Activities
Net position, as previously reported	\$ 426,302,268
Restatement for implementation of GASB Statement No. 68:	
Net pension liability as of June 30, 2014	(6,150,817)
Deferred outflow - Plan Contributions as of June 30, 2014	766,440
Removal of previously reported net pension asset, under GASB Statement No. 27	(413,344)
Net position, as restated	\$ 420,504,547
	Board of Health
Net position, as previously reported	\$ 853,570
Restatement for implementation of GASB Statement No. 68:	
Net pension liability as of June 30, 2014	(1,317,882)
Contributions made subsequent to the measurement date	114,747
Net position, as restated	\$ (349,565)

NOTE 14. RESTATEMENT

Discretely Presented Component Unit – Industrial Building Authority

Net Position and Land Held for Resale at June 30, 2014 have been reduced by \$48,886 to eliminate property that is no longer owned by the Authority.

Net Position and Rent Receivable at June 30, 2014 have been increased by \$5,500 to record receivables due to the Authority.

NOTE 15. SUBSEQUENT EVENT

On November 9, 2015, the Industrial Building Authority issued 2015 Westminster of Dallas Project, Series 2015 Revenue Bonds in the amount of \$9,500,000. Proceeds from the bonds will be loaned to Dallas Memory Care, LLC (the “borrower”), to finance a portion of the cost of the acquisition of real property together with improvements constructed thereon. The bonds will be payable solely from revenues to be derived under a lease purchase agreement between the Authority and the borrower.

REQUIRED SUPPLEMENTARY INFORMATION

PAULDING COUNTY, GEORGIA

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 48,351,000	\$ 48,351,000	\$ 50,565,378	\$ 2,214,378
Licenses and permits	650,000	650,000	792,770	142,770
Intergovernmental	200,000	200,000	1,898,790	1,698,790
Fines and forfeitures	1,150,000	1,150,000	1,086,105	(63,895)
Charges for services	4,703,000	5,078,000	5,647,506	569,506
Interest income	21,000	21,000	37,899	16,899
Contributions and donations	-	-	91,297	91,297
Miscellaneous	272,000	272,000	381,653	109,653
Total revenues	<u>55,347,000</u>	<u>55,722,000</u>	<u>60,501,398</u>	<u>4,779,398</u>
Expenditures:				
Current:				
General government:				
Legislative	581,700	622,000	621,562	438
Executive	228,500	200,500	200,481	19
Government services	144,700	85,000	84,638	362
Public information	103,415	103,415	93,842	9,573
Elections	468,200	468,200	430,094	38,106
Finance	487,000	487,000	465,446	21,554
Information technology	1,126,375	1,192,000	1,191,981	19
Human resources	303,100	303,100	295,417	7,683
Government facilities	1,394,870	2,020,000	2,016,234	3,766
Tax assessors	1,505,400	1,505,400	1,378,350	127,050
Tax commissioners	1,135,100	1,135,100	1,077,616	57,484
General appropriations	4,261,508	4,178,500	4,320,717	(142,217)
Total general government	<u>11,739,868</u>	<u>12,300,215</u>	<u>12,176,378</u>	<u>123,837</u>
Judicial:				
Superior court	847,356	847,356	627,346	220,010
Clerk superior court	1,094,200	1,101,900	1,046,918	54,982
Probate court	749,100	749,100	748,254	846
Magistrate court	455,440	455,440	436,301	19,139
District attorney	1,210,800	1,210,800	1,102,883	107,917
Juvenile court	544,100	544,100	514,627	29,473
Public defender	644,652	644,652	635,081	9,571
Total judicial	<u>5,545,648</u>	<u>5,553,348</u>	<u>5,111,410</u>	<u>441,938</u>
Public safety:				
Coroner	74,560	103,500	103,087	413
Sheriff	14,025,435	14,137,435	13,705,892	431,543
Jail	5,752,100	5,752,100	5,583,641	168,459
Marshal	734,455	878,010	810,170	67,840
Animal control	723,170	645,970	618,364	27,606
General appropriations	42,000	60,300	51,564	8,736
Total public safety	<u>21,351,720</u>	<u>21,577,315</u>	<u>20,872,718</u>	<u>704,597</u>
Public works:				
Roads and bridges	8,135,573	9,000,000	8,742,180	257,820
Stormwater	-	-	18,882	(18,882)
Utility coordinator	900,000	900,000	863,148	36,852
Maintenance shop	660,162	660,162	532,669	127,493
Recycling	134,950	134,950	125,511	9,439
Total public works	<u>9,830,685</u>	<u>10,695,112</u>	<u>10,282,390</u>	<u>412,722</u>

(Continued)

PAULDING COUNTY, GEORGIA

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures: (Continued)				
Current: (Continued)				
Health and welfare:				
Mental health grant	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
General health grant	326,000	326,000	326,514	(514)
General welfare grant	25,000	25,000	17,312	7,688
Senior citizens center	277,600	277,600	254,390	23,210
Senior citizens van	123,650	123,650	105,648	18,002
Bus service	237,150	237,150	213,139	24,011
General appropriations	88,000	95,600	95,503	97
Total health and welfare	<u>1,127,400</u>	<u>1,135,000</u>	<u>1,062,506</u>	<u>72,494</u>
Culture and recreation:				
Library	1,041,166	1,149,166	1,120,158	29,008
Recreation	2,098,600	2,250,000	2,238,947	11,053
General appropriations	10,700	10,700	8,837	1,863
Total culture and recreation	<u>3,150,466</u>	<u>3,409,866</u>	<u>3,367,942</u>	<u>41,924</u>
Housing and development:				
County extension service	64,700	64,700	61,684	3,016
Community development	1,283,213	1,283,213	1,073,053	210,160
Airport	403,300	111,500	111,090	410
General appropriations	660,000	1,090,000	1,085,357	4,643
Total housing and development	<u>2,411,213</u>	<u>2,549,413</u>	<u>2,331,184</u>	<u>218,229</u>
Total expenditures	<u>55,157,000</u>	<u>57,220,269</u>	<u>55,204,528</u>	<u>2,015,741</u>
Excess (deficiency) of revenues over expenditures	<u>190,000</u>	<u>(1,498,269)</u>	<u>5,296,870</u>	<u>6,795,139</u>
Other financing sources (uses):				
Proceeds from sale of assets	10,000	10,000	11,125	1,125
Transfers out	(3,898,537)	(1,355,200)	(753,237)	601,963
Total other financing sources (uses)	<u>(3,888,537)</u>	<u>(1,345,200)</u>	<u>(742,112)</u>	<u>603,088</u>
Net change in fund balances	(3,698,537)	(2,843,469)	4,554,758	7,398,227
Fund balances, beginning of year	<u>40,504,145</u>	<u>40,504,145</u>	<u>40,504,145</u>	<u>-</u>
Fund balances, end of year	<u>\$ 36,805,608</u>	<u>\$ 37,660,676</u>	<u>\$ 45,058,903</u>	<u>\$ 7,398,227</u>

**PAULDING COUNTY, GEORGIA
FIRE TAX FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 10,163,000	\$ 9,875,000	\$ 10,080,685	\$ 205,685
Licenses and permits	5,000	5,000	6,675	1,675
Intergovernmental revenue	-	43,000	43,197	197
Investment income	10,000	10,000	10,024	24
Total revenues	<u>10,178,000</u>	<u>9,933,000</u>	<u>10,140,581</u>	<u>207,581</u>
Expenditures:				
Current:				
Public safety	9,971,130	10,250,000	9,577,089	672,911
Total expenditures	<u>9,971,130</u>	<u>10,250,000</u>	<u>9,577,089</u>	<u>672,911</u>
Net changes in fund balances	206,870	(317,000)	563,492	880,492
Fund balances, beginning of year	<u>5,365,606</u>	<u>5,365,606</u>	<u>5,365,606</u>	<u>-</u>
Fund balances, end of year	<u>\$ 5,572,476</u>	<u>\$ 5,048,606</u>	<u>\$ 5,929,098</u>	<u>\$ 880,492</u>

PAULDING COUNTY, GEORGIA

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION LIABILITY AND RELATED RATIOS FOR THE YEAR ENDED JUNE 30, 2015

	2015
Total pension liability	
Service cost	\$ 935,935
Interest on total pension liability	2,565,038
Benefit payments, including refunds of employee contributions	(1,152,809)
	2,348,164
Net change in total pension liability	2,348,164
Total pension liability - beginning	34,776,907
Total pension liability - ending (a)	\$ 37,125,071
 Plan fiduciary net position	
Contributions - employer	1,198,002
Net investment income	1,897,270
Benefit payments, including refunds of employee contributions	(1,152,809)
Administrative expenses	(99,561)
Other	(2,493)
	1,840,409
Net change in plan fiduciary net position	1,840,409
Plan fiduciary net position - beginning	28,626,090
Plan fiduciary net position - ending (b)	\$ 30,466,499
 County's net pension liability - ending (a) - (b)	\$ 6,658,572
 Plan fiduciary net position as a percentage of the total pension liability	82.1%
 Covered-employee payroll	\$ 24,261,213
 County's net pension liability as a percentage of covered employee payroll	27.4%

Notes to the Schedule

The schedule will present 10 years of information once it is accumulated.

PAULDING COUNTY, GEORGIA

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF COUNTY CONTRIBUTIONS FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
Actuarially determined contribution	\$ 1,198,002	\$ 1,505,262
Contributions in relation to the actuarially determined contribution	2,086,988	2,271,702
Contribution deficiency (excess)	\$ (888,986)	\$ (766,440)
Covered-employee payroll	24,058,931	23,562,608
Contributions as a percentage of Covered-employee payroll	8.7%	9.6%

Notes to the Schedule

Valuation Date	January 1, 2014
Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	Smoothed market value with a 5-year smoothing period.
Assumed Rate of Return	
On Investments	7.50%
Projected Salary Increases	2.50% - 5.00% (including 3.00% for inflation)
Cost-of-living Adjustment	3.00%
Amortization Method	Closed level dollar for unfunded liability
Remaining Amortization Period	None remaining

The schedule will present 10 years of information once it is accumulated.

PAULDING COUNTY, GEORGIA

**COMPONENT UNIT - PAULDING COUNTY BOARD OF HEALTH
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS**

	<u>2015</u>
Actuarially determined contribution	\$ 158,547
Contributions in relation to the actuarially determined contribution	158,547
Contribution deficiency (excess)	-
Covered-employee payroll	744,904
Contributions as a percentage of Covered-employee payroll	21.3%

(Historical information prior to the implementation of GASB 67/68 is not required)

PAULDING COUNTY, GEORGIA

**COMPONENT UNIT - PAULDING COUNTY BOARD OF HEALTH
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S NET PENSION LIABILITY**

	<u>2015</u>
Employer's proportion of the net pension liability	0.027606%
Employer's proportionate share of the net pension liability	\$ 1,035,396
Employer's covered payroll during the measurement period	\$ 744,076
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	139.15%
Plan fiduciary net position as a percentage of the total pension liability	77.99%

Notes to the Schedule

The schedule above is intended to show information for 10 years. Additional years will be displayed as they become available.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted or committed to expenditures for particular purposes.

Victims-Witness Assistance Fund - to account for five percent additional fee placed on fines and used for victim witness services.

Emergency 911 Fund - to account for the fee collection and the operation of the Emergency 911 system within the County.

Jail Fund - to account for a portion of fine money received from the court system and expended on outside services within the juvenile court system.

Supplemental Juvenile Fund - to account for a portion of fines within the juvenile court and expended on outside services within the juvenile court system.

Drug Use Treatment Fund - to account for a portion of fine money received from the court system and expended on drug treatment or education.

Clerk's Technology Fund - to account for money received from the state. This fee is assessed every time a deed is purchased on-line. This money is expended on technology in the clerk of superior court's office.

Law Library Fund - to account for the operation and maintenance of the County's law library.

Sheriff Commissary Fund - to account for the receipts and purchases inmates incur while they are incarcerated.

Drug Confiscation Fund - to account for the resources public safety officers confiscate during a drug charge and expended in the fight against drugs.

Capital Projects Fund

SPLOST III Fund - to account for financial resources which are used exclusively for roads, public safety, and recreation.

Debt Service Fund

Debt Service Fund - to account for the servicing of general long-term debt not being financed by proprietary funds.

PAULDING COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue Funds					
	Victims- Witness Assistance Fund	Emergency 911 Fund	Jail Fund	Supplemental Juvenile Fund	Drug Use Treatment Fund	Clerk's Technology Fund
ASSETS						
Cash and cash equivalents	\$ 156,562	\$ 1,029,700	\$ 787,337	\$ 145,740	\$ 197,518	\$ 584,680
Receivables	-	276,384	-	-	1,005	-
Taxes receivable	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	<u>\$ 156,562</u>	<u>\$ 1,306,084</u>	<u>\$ 787,337</u>	<u>\$ 145,740</u>	<u>\$ 198,523</u>	<u>\$ 584,680</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ -	\$ 8,403	\$ 522	\$ 300	\$ -	\$ -
Due to other funds	-	94,373	-	-	-	-
Total liabilities	-	102,776	522	300	-	-
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
FUND BALANCES						
Restricted:						
Debt service	-	-	-	-	-	-
Judicial services	156,562	-	-	-	-	584,680
Public safety services	-	1,203,308	786,815	145,440	198,523	-
Capital projects	-	-	-	-	-	-
Committed:						
Commissary purchases	-	-	-	-	-	-
Total fund balances	<u>156,562</u>	<u>1,203,308</u>	<u>786,815</u>	<u>145,440</u>	<u>198,523</u>	<u>584,680</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 156,562</u>	<u>\$ 1,306,084</u>	<u>\$ 787,337</u>	<u>\$ 145,740</u>	<u>\$ 198,523</u>	<u>\$ 584,680</u>

Special Revenue Funds					
Law Library Fund	Sheriff Commissary Fund	Drug Confiscation Fund	Capital Projects Fund SPLOST III Fund	Debt Service Fund	Total Nonmajor Governmental Funds
\$ 78,150	\$ 197,478	\$ 144,720	\$ 2,509,725	\$ 2,808,981	\$ 8,640,591
-	-	-	-	-	277,389
-	-	-	-	282,532	282,532
-	-	-	-	550,858	550,858
<u>\$ 78,150</u>	<u>\$ 197,478</u>	<u>\$ 144,720</u>	<u>\$ 2,509,725</u>	<u>\$ 3,642,371</u>	<u>\$ 9,751,370</u>
\$ -	\$ -	\$ -	\$ 99,006	\$ 1,000	\$ 109,231
-	-	-	638,673	-	733,046
-	-	-	737,679	1,000	842,277
-	-	-	-	271,142	271,142
-	-	-	-	271,142	271,142
-	-	-	-	3,370,229	3,370,229
78,150	-	-	-	-	819,392
-	-	144,720	-	-	2,478,806
-	-	-	1,772,046	-	1,772,046
-	197,478	-	-	-	197,478
<u>78,150</u>	<u>197,478</u>	<u>144,720</u>	<u>1,772,046</u>	<u>3,370,229</u>	<u>8,637,951</u>
<u>\$ 78,150</u>	<u>\$ 197,478</u>	<u>\$ 144,720</u>	<u>\$ 2,509,725</u>	<u>\$ 3,642,371</u>	<u>\$ 9,751,370</u>

PAULDING COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds					
	Victims- Witness Assistance Fund	Emergency 911 Fund	Jail Fund	Supplemental Juvenile Fund	Drug Use Treatment Fund	Clerk's Technology Fund
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	90,649	-	105,041	14,160	-	-
Charges for services	-	2,166,817	-	-	66,190	117,362
Investment income	-	631	467	72	89	273
Contributions and donations	-	-	-	-	-	-
Total revenues	<u>90,649</u>	<u>2,167,448</u>	<u>105,508</u>	<u>14,232</u>	<u>66,279</u>	<u>117,635</u>
Expenditures:						
Current:						
Judicial	102,586	-	-	-	-	60,138
Public safety	-	2,162,858	246,800	12,746	27,814	-
Capital outlay	-	-	-	-	-	-
Debt Service						
Principal	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-
Cost of issuance	-	-	-	-	-	-
Total expenditures	<u>102,586</u>	<u>2,162,858</u>	<u>246,800</u>	<u>12,746</u>	<u>27,814</u>	<u>60,138</u>
Excess (deficiency) of revenues over expenditures	(11,937)	4,590	(141,292)	1,486	38,465	57,497
Other financing sources (uses):						
Issuance of long term debt	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(11,937)	4,590	(141,292)	1,486	38,465	57,497
Fund balances, beginning of year	<u>168,499</u>	<u>1,198,718</u>	<u>928,107</u>	<u>143,954</u>	<u>160,058</u>	<u>527,183</u>
Fund balances, end of year	<u>\$ 156,562</u>	<u>\$ 1,203,308</u>	<u>\$ 786,815</u>	<u>\$ 145,440</u>	<u>\$ 198,523</u>	<u>\$ 584,680</u>

Special Revenue Funds					
Law Library Fund	Sheriff Commissary Fund	Drug Confiscation Fund	Capital Projects Fund SPLOST III Fund	Debt Service Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 7,509,972	\$ 7,509,972
-	-	97,164	-	-	307,014
38,552	156,633	-	-	-	2,545,554
-	-	-	6,313	1,784	9,629
-	-	-	-	210,776	210,776
<u>38,552</u>	<u>156,633</u>	<u>97,164</u>	<u>6,313</u>	<u>7,722,532</u>	<u>10,582,945</u>
47,631	-	-	-	-	210,355
-	160,260	114,387	-	-	2,724,865
-	-	-	1,804,341	-	1,804,341
-	-	-	-	4,155,000	4,155,000
-	-	-	-	2,709,634	2,709,634
-	-	-	-	328,665	328,665
<u>47,631</u>	<u>160,260</u>	<u>114,387</u>	<u>1,804,341</u>	<u>7,193,299</u>	<u>11,932,860</u>
(9,079)	(3,627)	(17,223)	(1,798,028)	529,233	(1,349,915)
-	-	-	-	27,775,000	27,775,000
-	-	-	-	(27,446,335)	(27,446,335)
-	-	-	-	365,789	365,789
-	-	-	-	694,454	694,454
(9,079)	(3,627)	(17,223)	(1,798,028)	1,223,687	(655,461)
<u>87,229</u>	<u>201,105</u>	<u>161,943</u>	<u>3,570,074</u>	<u>2,146,542</u>	<u>9,293,412</u>
<u>\$ 78,150</u>	<u>\$ 197,478</u>	<u>\$ 144,720</u>	<u>\$ 1,772,046</u>	<u>\$ 3,370,229</u>	<u>\$ 8,637,951</u>

**PAULDING COUNTY, GEORGIA
VICTIMS-WITNESS ASSISTANCE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 75,000	\$ 75,000	\$ 90,649	\$ 15,649
Total revenues	<u>75,000</u>	<u>75,000</u>	<u>90,649</u>	<u>15,649</u>
Expenditures:				
Current:				
Judicial	125,000	125,000	102,586	22,414
Total expenditures	<u>125,000</u>	<u>125,000</u>	<u>102,586</u>	<u>22,414</u>
Net changes in fund balances	(50,000)	(50,000)	(11,937)	38,063
Fund balances, beginning of year	<u>168,499</u>	<u>168,499</u>	<u>168,499</u>	<u>-</u>
Fund balances, end of year	<u>\$ 118,499</u>	<u>\$ 118,499</u>	<u>\$ 156,562</u>	<u>\$ 38,063</u>

**PAULDING COUNTY, GEORGIA
EMERGENCY 911 FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 2,266,500	\$ 2,150,000	\$ 2,166,817	\$ 16,817
Interest income	-	-	631	631
Total revenues	<u>2,266,500</u>	<u>2,150,000</u>	<u>2,167,448</u>	<u>17,448</u>
Expenditures:				
Current:				
Public safety	2,632,400	2,170,000	2,162,858	7,142
Total expenditures	<u>2,632,400</u>	<u>2,170,000</u>	<u>2,162,858</u>	<u>7,142</u>
Net changes in fund balances	(365,900)	(20,000)	4,590	24,590
Fund balances, beginning of year	<u>1,198,718</u>	<u>1,198,718</u>	<u>1,198,718</u>	-
Fund balances, end of year	<u>\$ 832,818</u>	<u>\$ 1,178,718</u>	<u>\$ 1,203,308</u>	<u>\$ 24,590</u>

**PAULDING COUNTY, GEORGIA
JAIL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 100,000	\$ 100,000	\$ 105,041	\$ 5,041
Investment income	-	-	467	467
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>105,508</u>	<u>5,508</u>
Expenditures:				
Current:				
Public Safety	275,000	250,000	246,800	3,200
Total expenditures	<u>275,000</u>	<u>250,000</u>	<u>246,800</u>	<u>3,200</u>
Net changes in fund balances	(175,000)	(150,000)	(141,292)	8,708
Fund balances, beginning of year	<u>928,107</u>	<u>928,107</u>	<u>928,107</u>	<u>-</u>
Fund balances, end of year	<u>\$ 753,107</u>	<u>\$ 778,107</u>	<u>\$ 786,815</u>	<u>\$ 8,708</u>

**PAULDING COUNTY, GEORGIA
SUPPLEMENTAL JUVENILE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 15,000	\$ 15,000	\$ 14,160	\$ (840)
Investment income	-	-	72	72
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>14,232</u>	<u>(768)</u>
Expenditures:				
Current:				
Public safety	20,000	15,000	12,746	2,254
Total expenditures	<u>20,000</u>	<u>15,000</u>	<u>12,746</u>	<u>2,254</u>
Net changes in fund balances	(5,000)	-	1,486	1,486
Fund balances, beginning of year	<u>143,954</u>	<u>143,954</u>	<u>143,954</u>	<u>-</u>
Fund balances, end of year	<u>\$ 138,954</u>	<u>\$ 143,954</u>	<u>\$ 145,440</u>	<u>\$ 1,486</u>

**PAULDING COUNTY, GEORGIA
DRUG USE TREATMENT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 25,000	\$ 50,000	\$ 66,190	\$ 16,190
Interest income	-	-	89	89
Total revenues	<u>25,000</u>	<u>50,000</u>	<u>66,279</u>	<u>16,279</u>
Expenditures:				
Current:				
Public safety	25,000	50,000	27,814	22,186
Total expenditures	<u>25,000</u>	<u>50,000</u>	<u>27,814</u>	<u>22,186</u>
Net changes in fund balances	-	-	38,465	38,465
Fund balances, beginning of year	<u>160,058</u>	<u>160,058</u>	<u>160,058</u>	<u>-</u>
Fund balances, end of year	<u>\$ 160,058</u>	<u>\$ 160,058</u>	<u>\$ 198,523</u>	<u>\$ 38,465</u>

**PAULDING COUNTY, GEORGIA
CLERK'S TECHNOLOGY FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 120,000	\$ 100,000	\$ 117,362	\$ 17,362
Interest income	-	-	273	273
Total revenues	<u>120,000</u>	<u>100,000</u>	<u>117,635</u>	<u>17,635</u>
Expenditures:				
Current:				
Judicial	120,000	100,000	60,138	39,862
Total expenditures	<u>120,000</u>	<u>100,000</u>	<u>60,138</u>	<u>39,862</u>
Net changes in fund balances	-	-	57,497	57,497
Fund balances, beginning of year	<u>527,183</u>	<u>527,183</u>	<u>527,183</u>	<u>-</u>
Fund balances, end of year	<u>\$ 527,183</u>	<u>\$ 527,183</u>	<u>\$ 584,680</u>	<u>\$ 57,497</u>

**PAULDING COUNTY, GEORGIA
LAW LIBRARY FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 25,000	\$ 25,000	\$ 38,552	\$ 13,552
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>38,552</u>	<u>13,552</u>
Expenditures:				
Current:				
Judicial	50,000	50,000	47,631	2,369
Total expenditures	<u>50,000</u>	<u>50,000</u>	<u>47,631</u>	<u>2,369</u>
Net changes in fund balances	(25,000)	(25,000)	(9,079)	15,921
Fund balances, beginning of year	<u>87,229</u>	<u>87,229</u>	<u>87,229</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 62,229</u></u>	<u><u>\$ 62,229</u></u>	<u><u>\$ 78,150</u></u>	<u><u>\$ 15,921</u></u>

**PAULDING COUNTY, GEORGIA
SHERIFF'S COMMISSARY FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 150,000	\$ 150,000	\$ 156,633	\$ 6,633
Total revenues	<u>150,000</u>	<u>150,000</u>	<u>156,633</u>	<u>6,633</u>
Expenditures:				
Current:				
Public safety	200,000	200,000	160,260	39,740
Total expenditures	<u>200,000</u>	<u>200,000</u>	<u>160,260</u>	<u>39,740</u>
Net changes in fund balances	(50,000)	(50,000)	(3,627)	46,373
Fund balances, beginning of year	<u>201,105</u>	<u>201,105</u>	<u>201,105</u>	<u>-</u>
Fund balances, end of year	<u>\$ 151,105</u>	<u>\$ 151,105</u>	<u>\$ 197,478</u>	<u>\$ 46,373</u>

**PAULDING COUNTY, GEORGIA
DRUG CONFISCATION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 95,000	\$ 95,000	\$ 97,164	\$ 2,164
Total revenues	<u>95,000</u>	<u>95,000</u>	<u>97,164</u>	<u>2,164</u>
Expenditures:				
Current:				
Public Safety	120,000	120,000	114,387	5,613
Total expenditures	<u>120,000</u>	<u>120,000</u>	<u>114,387</u>	<u>5,613</u>
Net changes in fund balances	(25,000)	(25,000)	(17,223)	7,777
Fund balances, beginning of year	<u>161,943</u>	<u>161,943</u>	<u>161,943</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 136,943</u></u>	<u><u>\$ 136,943</u></u>	<u><u>\$ 144,720</u></u>	<u><u>\$ 7,777</u></u>

**PAULDING COUNTY, GEORGIA
DEBT SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 7,085,000	\$ 7,085,000	\$ 7,509,972	\$ 424,972
Investment income	-	-	1,784	1,784
Contributions	-	200,000	210,776	10,776
Total revenues	<u>7,085,000</u>	<u>7,285,000</u>	<u>7,722,532</u>	<u>437,532</u>
Expenditures:				
Debt service:				
Principal	4,155,000	4,595,000	4,155,000	440,000
Interest and fees	2,930,000	3,055,000	2,709,634	345,366
Cost of issuance	-	-	328,665	(328,665)
Total expenditures	<u>7,085,000</u>	<u>7,650,000</u>	<u>7,193,299</u>	<u>456,701</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(365,000)</u>	<u>529,233</u>	<u>894,233</u>
Other financing sources (uses):				
Issuance of long term debt	-	-	27,775,000	27,775,000
Payments to refunded bond escrow agent	-	-	(27,446,335)	(27,446,335)
Transfers in	-	365,000	365,789	789
Total other financing sources (uses)	<u>-</u>	<u>365,000</u>	<u>694,454</u>	<u>329,454</u>
Net changes in fund balances	-	-	1,223,687	1,223,687
Fund balances, beginning of year	<u>2,146,542</u>	<u>2,146,542</u>	<u>2,146,542</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,146,542</u>	<u>\$ 2,146,542</u>	<u>\$ 3,370,229</u>	<u>\$ 1,223,687</u>

PAULDING COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL
OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2015

<u>Project</u>	<u>Estimated Cost</u>		<u>Expenditures</u>		<u>Total</u>
	<u>Original</u>	<u>Current</u>	<u>Prior Years</u>	<u>Current Year</u>	
SPLOST III					
Roads, streets and bridges	\$ 40,500,000	\$ 38,374,964	\$ 38,370,458	\$ 4,506	\$ 38,374,964
Public safety and fire protection facilities and equipment	12,150,000	11,869,075	11,869,075	-	11,869,075
Recreation	28,350,000	27,435,760	23,865,686	1,799,835	25,665,521
Payments to City of Dallas	5,580,000	4,204,080	4,204,080	-	4,204,080
Payments to City of Hiram	3,420,000	2,576,694	2,576,694	-	2,576,694
Total SPLOST III expenditures	<u>\$ 90,000,000</u>	<u>\$ 84,460,573</u>	<u>\$ 80,885,993</u>	<u>\$ 1,804,341</u>	<u>\$ 82,690,334</u>
Non-SPLOST expenditures*					
Roads, streets and bridges			\$ 8,260,841	\$ -	
Public safety and fire protection facilities and equipment			21,000	-	
Recreation			142,702	-	
Total non-SPLOST expenditures			<u>8,424,543</u>	<u>-</u>	
Total Project expenditures			<u>\$ 89,310,536</u>	<u>\$ 1,804,341</u>	
*Paulding County uses Intergovernmental Revenues as well as contributions from other parties to expand our SPLOST projects. Contributions to the SPLOST Projects are as follows:					
State Department of Transportation			\$ 5,539,838	\$ -	
State Department of Community Affairs			30,000	-	
City of Dallas			382,190	-	
U.S. Department of Energy			51,000	-	
Governor's Emergency Management Agency			80,677	-	
Developers			2,338,813	-	
West metro soccer			2,025	-	
			<u>\$ 8,424,543</u>	<u>\$ -</u>	

PAULDING COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL
OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2015

Project	Estimated Cost		Expenditures		Total
	Original	Current	Prior Years	Current Year	
SPLOST IV					
Roads, streets and bridges	\$ 47,528,348	\$ 47,528,348	\$ 10,428,598	\$ 6,804,860	\$ 17,233,458
Public safety and fire protection facilities and equipment	17,554,024	17,554,024	5,420,111	3,518,976	8,939,087
Recreation	16,560,400	16,560,400	578,028	17,020	595,048
Economic Development: Fiber Optic Communications	1,159,228	1,159,228	59,049	15,940	74,989
Payments to City of Dallas	6,840,000	6,840,000	3,329,563	1,072,515	4,402,078
Payments to City of Hiram	5,358,000	5,358,000	2,608,159	840,136	3,448,295
Total 2013 SPLOST	<u>\$ 95,000,000</u>	<u>\$ 95,000,000</u>	<u>\$ 22,423,508</u>	<u>\$ 12,269,447</u>	<u>\$ 34,692,955</u>
Non-SPLOST expenditures*					
Roads, streets and bridges			\$ 328,575	\$ 20,000	
Public safety and fire protection facilities and equipment			353,381	23,038	
Recreation			-	-	
Total non-SPLOST expenditures			<u>681,956</u>	<u>43,038</u>	
Total Project expenditures			<u>\$ 23,105,464</u>	<u>\$ 12,312,485</u>	
*Paulding County uses Intergovernmental Revenues as well as contributions from other parties to expand our SPLOST projects. Contributions to the SPLOST Projects are as follows:					
State Department of Transportation			\$ 307,255	\$ -	
Georgia Emergency Management Agency			176,000	-	
Developers			21,320	20,000	
City of Dallas			54,339	2,655	
City of Hiram			60,686	3,953	
West Metro			-	590	
Paulding County Board of Education			62,356	15,840	
			<u>\$ 681,956</u>	<u>\$ 43,038</u>	

ENTERPRISE FUNDS

Enterprise funds are used to account for external activities that are usually self-sustaining, primarily through user charges for services rendered.

Solid Waste Fund- to account for the operation of the County's landfill.

DFACS Building Fund - to account for activity related to the lease of the DFACS building.

PAULDING COUNTY, GEORGIA
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Solid Waste Fund	DFACS Building Fund	Total Nonmajor Enterprise Funds
ASSETS			
Current assets:			
Cash	\$ -	\$ 625,688	\$ 625,688
Receivables	43,080	-	43,080
Due from other funds	532,050	-	532,050
Total current assets	<u>575,130</u>	<u>625,688</u>	<u>1,200,818</u>
Capital assets:			
Capital assets, not being depreciated	612,233	-	612,233
Capital assets, being depreciated	2,035,972	3,114,495	5,150,467
Less accumulated depreciation	<u>(1,897,880)</u>	<u>(1,031,672)</u>	<u>(2,929,552)</u>
Total capital assets, net of accumulated depreciation	<u>750,325</u>	<u>2,082,823</u>	<u>2,833,148</u>
Total assets	<u>1,325,455</u>	<u>2,708,511</u>	<u>4,033,966</u>
LIABILITIES			
Current liabilities:			
Accounts payable	27,683	5,920	33,603
Accrued expenses	-	1,399	1,399
Compensated absences, current	6,274	-	6,274
Notes payable, current	-	198,308	198,308
Post closure care cost, current	499,759	-	499,759
Total current liabilities	<u>533,716</u>	<u>205,627</u>	<u>739,343</u>
Long-term liabilities:			
Notes payable	-	190,959	190,959
Compensated absences	2,689	-	2,689
Post closure care cost	3,079,553	-	3,079,553
Total long-term liabilities	<u>3,082,242</u>	<u>190,959</u>	<u>3,273,201</u>
Total liabilities	<u>3,615,958</u>	<u>396,586</u>	<u>4,012,544</u>
NET POSITION			
Net investment in capital assets	750,325	1,693,556	2,443,881
Unrestricted	<u>(3,040,828)</u>	<u>618,369</u>	<u>(2,422,459)</u>
Total net position	<u>\$ (2,290,503)</u>	<u>\$ 2,311,925</u>	<u>\$ 21,422</u>

PAULDING COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Solid Waste Fund</u>	<u>DFACS Building Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
OPERATING REVENUES			
Miscellaneous revenues	\$ 5,141	\$ -	\$ 5,141
Landfill and recycling fees	781,485	-	781,485
Lease income	-	371,466	371,466
Total operating revenues	<u>786,626</u>	<u>371,466</u>	<u>1,158,092</u>
OPERATING EXPENSES			
Salaries and benefits	196,879	-	196,879
Other operating expenses	642,077	105,815	747,892
Depreciation expense	60,784	77,862	138,646
Total operating expenses	<u>899,740</u>	<u>183,677</u>	<u>1,083,417</u>
Operating income (loss)	(113,114)	187,789	74,675
NONOPERATING EXPENSES			
Interest expense	-	(23,263)	(23,263)
Total nonoperating expenses	<u>-</u>	<u>(23,263)</u>	<u>(23,263)</u>
INCOME (LOSS) BEFORE TRANSFERS	(113,114)	164,526	51,412
Transfers in	200,000	-	200,000
Total transfers	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Change in net position	86,886	164,526	251,412
NET POSITION, beginning of year	<u>(2,377,389)</u>	<u>2,147,399</u>	<u>(229,990)</u>
NET POSITION, end of year	<u>\$ (2,290,503)</u>	<u>\$ 2,311,925</u>	<u>\$ 21,422</u>

PAULDING COUNTY, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Solid Waste Fund	DFACS Building Fund	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 806,000	\$ 371,466	\$ 1,177,466
Payments to suppliers and service providers	(813,395)	(99,895)	(913,290)
Payments to employees	(192,605)	-	(192,605)
Net cash provided by (used in) operating activities	(200,000)	271,571	71,571
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments on notes	-	(188,944)	(188,944)
Interest and fiscal charges paid	-	(23,944)	(23,944)
Net cash used in capital and related financing activities	-	(212,888)	(212,888)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	200,000	-	200,000
Net cash provided by noncapital financing activities	200,000	-	200,000
Net increase in cash and cash equivalents	-	58,683	58,683
Cash and cash equivalents:			
Beginning of year	-	567,005	567,005
End of year	\$ -	\$ 625,688	\$ 625,688
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (113,114)	\$ 187,789	\$ 74,675
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	60,784	77,862	138,646
Decrease in accounts receivable	19,374	-	19,374
Increase in due from other funds	(174,516)	-	(174,516)
Increase in accounts payable	3,198	5,920	9,118
Increase in compensated absences	4,274	-	4,274
Net cash provided by (used in) operating activities	\$ (200,000)	\$ 271,571	\$ 71,571

AGENCY FUNDS

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, and other governments.

Tax Commissioner - to account for the collection of all property taxes which are disbursed to other taxing units.

Sheriff - to account for collection of cash bonds, fines, forfeitures and other fees which are disbursed to other parties.

The following agency funds are used to account for fines, fees and other moneys collected by the courts and remitted to other parties in accordance with court orders and state law:

Clerk of Superior Court
Probate Court
Court Administration

PAULDING COUNTY, GEORGIA

**COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2015**

<u>ASSETS</u>	<u>Tax Commissioner</u>	<u>Sheriff</u>	<u>Clerk of Superior Court</u>	<u>Probate Court</u>	<u>Court Administration</u>	<u>Total</u>
Cash	\$ 1,647,076	\$ 58,858	\$ 1,318,310	\$ 123,514	\$ 22,181	\$ 3,169,939
Taxes receivable	2,167,534	-	-	-	-	2,167,534
Total assets	<u>\$ 3,814,610</u>	<u>\$ 58,858</u>	<u>\$ 1,318,310</u>	<u>\$ 123,514</u>	<u>\$ 22,181</u>	<u>\$ 5,337,473</u>
<u>LIABILITIES</u>						
Due to others	\$ 1,647,076	\$ 58,858	\$ 1,318,310	\$ 123,514	\$ 22,181	\$ 3,169,939
Uncollected taxes	2,167,534	-	-	-	-	2,167,534
Total liabilities	<u>\$ 3,814,610</u>	<u>\$ 58,858</u>	<u>\$ 1,318,310</u>	<u>\$ 123,514</u>	<u>\$ 22,181</u>	<u>\$ 5,337,473</u>

PAULDING COUNTY, GEORGIA

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Balance July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>
<u>Tax Commissioner</u>				
ASSETS				
Cash	\$ 1,407,788	\$ 123,222,251	\$ (122,982,963)	\$ 1,647,076
Taxes receivable	2,403,479	88,183,085	(88,419,030)	2,167,534
Total assets	<u>\$ 3,811,267</u>	<u>\$ 211,405,336</u>	<u>\$ (211,401,993)</u>	<u>\$ 3,814,610</u>
LIABILITIES				
Due to others	\$ 1,407,788	\$ 123,222,251	\$ (122,982,963)	\$ 1,647,076
Uncollected taxes	2,403,479	88,183,085	(88,419,030)	2,167,534
Total liabilities	<u>\$ 3,811,267</u>	<u>\$ 211,405,336</u>	<u>\$ (211,401,993)</u>	<u>\$ 3,814,610</u>
<u>Sheriff</u>				
ASSETS				
Cash	\$ 60,680	\$ 760,352	\$ (762,174)	\$ 58,858
Total assets	<u>\$ 60,680</u>	<u>\$ 760,352</u>	<u>\$ (762,174)</u>	<u>\$ 58,858</u>
LIABILITIES				
Due to others	\$ 60,680	\$ 760,352	\$ (762,174)	\$ 58,858
Total liabilities	<u>\$ 60,680</u>	<u>\$ 760,352</u>	<u>\$ (762,174)</u>	<u>\$ 58,858</u>
<u>Clerk of Superior Court</u>				
ASSETS				
Cash	\$ 974,318	\$ 5,441,593	\$ (5,097,601)	\$ 1,318,310
Total assets	<u>\$ 974,318</u>	<u>\$ 5,441,593</u>	<u>\$ (5,097,601)</u>	<u>\$ 1,318,310</u>
LIABILITIES				
Due to others	\$ 974,318	\$ 5,441,593	\$ (5,097,601)	\$ 1,318,310
Total liabilities	<u>\$ 974,318</u>	<u>\$ 5,441,593</u>	<u>\$ (5,097,601)</u>	<u>\$ 1,318,310</u>

(Continued)

PAULDING COUNTY, GEORGIA

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Balance July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>
<u>Probate Court</u>				
ASSETS				
Cash	\$ 97,559	\$ 1,844,860	\$ (1,818,905)	\$ 123,514
Total assets	<u>\$ 97,559</u>	<u>\$ 1,844,860</u>	<u>\$ (1,818,905)</u>	<u>\$ 123,514</u>
LIABILITIES				
Due to others	\$ 97,559	\$ 1,844,860	\$ (1,818,905)	\$ 123,514
Total liabilities	<u>\$ 97,559</u>	<u>\$ 1,844,860</u>	<u>\$ (1,818,905)</u>	<u>\$ 123,514</u>
<u>Court Administration</u>				
ASSETS				
Cash	\$ 25,882	\$ 656,975	\$ (660,676)	\$ 22,181
Total assets	<u>\$ 25,882</u>	<u>\$ 656,975</u>	<u>\$ (660,676)</u>	<u>\$ 22,181</u>
LIABILITIES				
Due to others	\$ 25,882	\$ 656,975	\$ (660,676)	\$ 22,181
Total liabilities	<u>\$ 25,882</u>	<u>\$ 656,975</u>	<u>\$ (660,676)</u>	<u>\$ 22,181</u>
<u>Total Agency Funds</u>				
ASSETS				
Cash	\$ 2,566,227	\$ 131,926,031	\$ (131,322,319)	\$ 3,169,939
Taxes receivable	2,403,479	88,183,085	(88,419,030)	2,167,534
Total assets	<u>\$ 4,969,706</u>	<u>\$ 220,109,116</u>	<u>\$ (219,741,349)</u>	<u>\$ 5,337,473</u>
LIABILITIES				
Due to others	\$ 2,566,227	\$ 131,926,031	\$ (131,322,319)	\$ 3,169,939
Uncollected taxes	2,403,479	88,183,085	(88,419,030)	2,167,534
Total liabilities	<u>\$ 4,969,706</u>	<u>\$ 220,109,116</u>	<u>\$ (219,741,349)</u>	<u>\$ 5,337,473</u>

STATISTICAL SECTION

This part of Paulding County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

	<u>Page</u>
Financial Trends	96-100
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity.....	101-104
These schedules contain information to help the reader assess the government's most significant local revenue source, property tax.	
Debt Capacity.....	105-109
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	110 and 111
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information.....	112-114
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

PAULDING COUNTY, GEORGIA

NET POSITION BY COMPONENT Last Ten Fiscal Years (accrual basis of accounting) (amounts expressed in thousands)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GOVERNMENTAL ACTIVITIES										
Net investment in capital assets	\$ 77,908	\$ 239,623	\$ 269,376	\$ 286,905	\$ 297,040	\$ 309,392	\$ 317,191	\$ 323,994	\$ 348,388	\$ 352,136
Restricted:	17,220	17,663	24,221	31,811	33,746	33,998	38,480	40,181	40,910	43,627
Unrestricted:	21,276	20,858	19,522	18,027	20,674	24,187	27,326	36,275	37,004	38,231
Total governmental activities net position	\$ 116,404	\$ 278,144	\$ 313,119	\$ 336,743	\$ 351,460	\$ 367,577	\$ 382,987	\$ 400,450	\$ 426,302	\$ 433,994
BUSINESS-TYPE ACTIVITIES										
Net investment in capital assets	\$ 76,138	\$ 98,506	\$ 114,514	\$ 121,465	\$ 110,792	\$ 110,693	\$ 109,919	\$ 109,324	\$ 109,486	\$ 109,802
Restricted:	9,743	29,199	28,721	19,904	18,497	20,760	18,101	17,573	16,337	25,633
Unrestricted:	6,716	4,201	521	2,562	6,885	5,811	10,533	13,141	19,199	15,779
Total business-type activities net position	\$ 92,597	\$ 131,906	\$ 143,756	\$ 143,931	\$ 136,174	\$ 137,264	\$ 138,553	\$ 140,038	\$ 145,022	\$ 151,214
PRIMARY GOVERNMENT										
Net investment in capital assets	\$ 154,046	\$ 338,129	\$ 383,890	\$ 408,370	\$ 407,832	\$ 420,085	\$ 427,110	\$ 433,318	\$ 457,874	\$ 461,938
Restricted:	26,963	46,862	52,942	51,715	52,243	54,758	56,581	57,754	57,247	69,260
Unrestricted:	27,992	25,059	20,043	20,589	27,559	29,998	37,859	49,416	56,203	54,010
Total primary government net position	\$ 209,001	\$ 410,050	\$ 456,875	\$ 480,674	\$ 487,634	\$ 504,841	\$ 521,550	\$ 540,488	\$ 571,324	\$ 585,208
Restatements	\$ 116,368	\$ -	\$ -	\$ (6,370)	\$ 1,208	\$ -	\$ (1,263)	\$ -	\$ (5,798)	\$ -
Total primary government net position, after restatements	\$ 325,369	\$ 410,050	\$ 456,875	\$ 474,304	\$ 488,842	\$ 504,841	\$ 520,287	\$ 540,488	\$ 565,526	\$ 585,208

PAULDING COUNTY, GEORGIA

CHANGES IN NET POSITION Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 9,343,597	\$ 11,096,377	\$ 11,875,723	\$ 15,134,639	\$ 14,098,539	\$ 13,857,914	\$ 12,828,690	\$ 13,486,082	\$ 16,161,698	\$ 13,467,900
Judicial	4,320,100	4,863,031	5,001,704	5,287,183	5,151,644	5,110,368	4,968,486	4,950,952	4,988,519	5,369,441
Public safety	23,427,824	25,601,124	28,693,906	28,967,134	29,170,128	30,212,938	30,727,439	31,408,123	32,541,547	34,910,648
Public works	9,392,493	16,193,950	17,492,423	17,090,062	18,418,050	18,359,434	20,546,641	17,230,240	15,932,680	16,861,667
Health and welfare	1,501,053	1,557,815	1,933,974	1,811,145	1,914,298	1,902,239	1,720,419	1,572,223	1,101,925	1,090,330
Culture and recreation	2,991,162	3,334,112	3,695,956	3,349,656	3,408,073	3,575,759	3,338,965	3,035,588	3,887,285	4,119,985
Housing and development	2,254,306	2,679,322	2,651,121	2,233,494	2,835,188	3,373,239	2,905,201	7,009,854	3,494,755	3,115,861
Interest on long term debt	418,515	1,004,685	4,075,876	3,915,011	3,685,045	3,174,633	3,434,916	3,252,729	3,228,459	3,054,321
Intergovernmental	-	-	-	-	4,056,291	-	-	-	-	9,217,651
Total governmental activities expenses	53,649,050	66,330,416	75,420,683	77,788,324	82,737,256	79,566,524	80,470,747	81,945,761	81,336,868	91,207,804
Business-type activities:										
Water and sewer	14,959,326	17,177,349	18,285,107	20,444,230	22,764,941	23,625,349	24,760,061	25,298,500	25,070,543	26,610,733
DFACS building	164,911	159,522	182,939	160,480	149,806	145,342	136,802	133,435	129,039	206,940
Solid waste	615,454	710,594	871,377	2,906,377	918,100	920,355	859,441	935,999	845,047	899,740
Total business-type activities expense	15,739,691	18,047,465	19,319,423	23,511,087	23,832,847	24,691,046	25,756,304	26,367,934	26,044,629	27,717,413
Total primary government expense	69,388,741	84,377,881	94,740,106	101,299,411	106,570,103	104,257,570	106,227,051	108,313,695	107,381,497	118,925,217
Program Revenues										
Governmental activities:										
Charges for services	\$ 1,912,519	\$ 2,145,429	\$ 2,759,231	\$ 3,033,474	\$ 2,397,118	\$ 2,132,286	\$ 1,864,262	\$ 1,977,998	\$ 2,045,515	\$ 2,209,102
Judicial	2,666,957	2,581,006	3,039,953	3,201,439	3,492,115	3,403,627	3,346,870	3,351,315	2,656,769	2,475,097
Public safety	2,258,208	2,349,050	2,317,901	2,312,619	3,502,410	3,074,576	2,654,077	2,867,671	3,412,588	3,610,189
Public works	-	-	1,061,657	1,021,306	1,069,047	1,181,796	1,084,215	1,114,756	1,199,716	1,205,856
Housing and development	3,152,666	2,833,646	1,377,107	713,609	444,926	269,317	283,264	539,051	810,710	859,955
Other activities	1,121,734	1,283,062	340,607	352,270	344,837	372,423	452,223	476,720	504,372	517,190
Operating grants and contributions	366,169	713,552	889,127	1,311,103	455,452	726,533	866,016	618,866	350,281	361,075
Capital grants and contributions	9,406,949	36,593,097	24,208,239	19,614,453	9,599,840	11,522,537	12,311,297	13,268,828	17,904,480	10,840,920
Total governmental activities program revenues	20,905,202	48,498,842	35,993,822	31,560,273	21,305,745	22,683,295	22,862,224	24,215,205	28,884,431	22,079,384

continued

PAULDING COUNTY, GEORGIA

CHANGES IN NET POSITION Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position										
Business-type activities:										
Changes for services:										
Water and sewer	\$ 19,525,966	\$ 21,662,705	\$ 19,658,416	\$ 20,393,240	\$ 21,961,696	\$ 23,586,071	\$ 24,930,836	\$ 25,563,847	\$ 26,599,779	\$ 28,566,440
DFACS building	322,644	322,644	332,499	332,499	332,876	333,315	343,280	343,971	343,569	371,466
Solid waste	535,276	640,178	644,878	683,249	762,270	742,281	764,696	749,898	749,898	786,626
Capital grants and contributions	13,206,548	32,825,777	8,608,437	1,331,978	1,731,329	836,962	762,232	1,677,562	3,095,368	3,954,969
Total business-type activities program revenues	\$ 33,590,434	\$ 55,451,304	\$ 29,244,230	\$ 22,740,968	\$ 24,788,171	\$ 25,498,629	\$ 28,801,044	\$ 28,157,412	\$ 30,788,614	\$ 33,879,501
Total primary government program revenues	\$ 54,495,636	\$ 103,950,146	\$ 65,238,052	\$ 54,301,239	\$ 46,093,916	\$ 48,181,924	\$ 49,663,268	\$ 52,372,617	\$ 59,673,045	\$ 55,758,885
Net (expense)/revenue	\$ (32,743,848)	\$ (17,831,574)	\$ (39,426,861)	\$ (46,228,051)	\$ (61,431,511)	\$ (56,883,229)	\$ (57,608,523)	\$ (57,730,556)	\$ (52,452,437)	\$ (69,128,420)
Governmental activities	\$ 17,850,743	\$ 37,403,839	\$ 9,924,807	\$ (770,121)	\$ 955,324	\$ 807,583	\$ 1,044,740	\$ 1,789,478	\$ 4,743,985	\$ 5,962,088
Business-type activities	\$ (14,893,105)	\$ 19,572,265	\$ (29,502,054)	\$ (46,998,172)	\$ (60,476,187)	\$ (56,075,646)	\$ (56,563,783)	\$ (55,941,078)	\$ (47,708,452)	\$ (63,166,332)
Total primary government net (expense) revenue	\$ (16,942,362)	\$ 1,740,691	\$ (29,577,247)	\$ (47,467,060)	\$ (60,520,971)	\$ (55,268,063)	\$ (55,518,813)	\$ (54,141,578)	\$ (42,964,467)	\$ (67,204,244)
Governmental activities:										
Taxes										
Property taxes, levied for general purposes	\$ 21,023,731	\$ 25,979,193	\$ 28,159,043	\$ 29,311,208	\$ 28,174,129	\$ 27,199,533	\$ 25,592,760	\$ 25,594,931	\$ 27,837,664	\$ 27,923,398
Property taxes, levied for debt service	1,602,183	833,526	2,033,312	2,129,805	6,221,571	6,340,442	6,025,724	5,870,760	6,383,258	7,348,110
Property taxes, levied for fire service	-	-	7,780,368	8,382,153	7,833,792	6,922,416	6,354,045	8,490,192	8,561,817	9,876,468
Intangible recording tax	1,805,890	1,725,334	1,260,788	961,019	658,540	618,349	689,945	1,206,286	941,803	1,018,672
Local option sales tax	12,761,229	13,442,680	12,978,324	11,523,617	11,624,716	11,700,037	12,514,606	12,365,806	12,085,054	12,723,171
Special local option sales tax	13,014,782	13,828,416	13,344,404	11,745,254	13,506,950	13,422,530	14,357,398	14,322,252	14,129,720	14,896,039
Insurance premium tax	3,322,710	3,472,394	3,651,265	3,740,263	3,886,633	3,585,518	5,311,731	5,674,609	5,897,844	6,222,989
Alcoholic beverage tax	445,758	485,651	527,919	620,450	664,404	669,278	669,606	684,498	690,005	644,953
Cable TV franchise tax	642,489	765,247	845,204	944,382	1,016,474	1,047,225	1,226,183	1,305,951	1,359,280	1,458,951
Real estate transfer tax	714,825	623,254	280,516	211,081	111,904	95,218	92,049	141,348	234,686	308,685
Business tax	-	-	-	-	-	292,780	317,596	347,367	300,013	330,013
Energy excise tax	-	-	-	-	-	-	-	-	5,925	3,028
Interest earned on investments	954,267	2,090,528	3,591,790	781,676	193,452	96,630	82,470	54,858	47,075	51,874
Gain on sale of capital assets	-	-	-	-	-	-	14,488	22,877	30,530	11,125
Miscellaneous	56,444	6,696	-	-	2,408	-	-	-	-	-
Transfers	(60,000)	(50,000)	(50,000)	(500,000)	2,455,595	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
Total governmental activities	\$ 66,294,308	\$ 63,202,919	\$ 74,402,933	\$ 69,850,908	\$ 76,148,160	\$ 71,792,364	\$ 73,028,601	\$ 75,882,452	\$ 78,304,826	\$ 82,617,476
Business-type activities	907,825	1,904,681	1,924,851	445,117	(2,342,023)	281,978	244,214	260,256	239,630	230,659
Total primary government	\$ 57,202,133	\$ 65,107,600	\$ 76,327,784	\$ 70,296,025	\$ 73,806,137	\$ 72,074,342	\$ 73,272,815	\$ 76,142,708	\$ 78,544,456	\$ 82,848,135
Changes in Net Position										
Governmental activities	\$ 23,550,460	\$ 45,371,345	\$ 34,976,072	\$ 23,622,857	\$ 14,716,649	\$ 14,909,136	\$ 15,420,078	\$ 18,151,896	\$ 25,852,389	\$ 13,489,056
Business-type activities	18,758,568	39,308,520	11,849,658	(325,004)	(1,386,699)	1,089,561	1,288,954	2,049,734	4,983,615	6,192,747
Total primary government	\$ 42,309,028	\$ 84,679,865	\$ 46,825,730	\$ 23,297,853	\$ 13,329,950	\$ 15,998,697	\$ 16,709,032	\$ 20,201,630	\$ 30,836,004	\$ 19,681,803

PAULDING COUNTY, GEORGIA

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Non-spendable fund balance	\$ 403,708	\$ 403,053	\$ 433,881	\$ 348,125	\$ 328,649	\$ 369,532	\$ 401,964	\$ 479,709	\$ 515,676	\$ 134,263
Restricted	-	-	-	-	-	351,717	-	-	-	-
Assigned	463,458	635,774	879,252	724,303	3,094,253	3,647,117	2,820,546	7,014,545	9,143,060	7,153,172
Unassigned	21,651,314	22,496,280	20,098,938	15,849,241	16,470,220	18,359,367	23,264,808	28,007,092	30,845,409	37,771,468
Total General Fund	\$ 22,518,480	\$ 23,535,107	\$ 21,412,071	\$ 16,921,669	\$ 19,893,122	\$ 22,727,733	\$ 26,487,318	\$ 35,501,346	\$ 40,504,145	\$ 45,058,903
All other governmental funds										
Restricted	14,063,977	17,058,465	23,872,353	30,142,577	31,947,797	35,488,805	39,231,507	40,768,217	40,289,627	42,976,052
Committed	-	-	-	-	-	166,972	195,566	190,787	201,105	197,478
Assigned fund	1,725,316	79,428,819	25,058,539	4,974,557	5,153,393	733,069	429,034	1,104,093	133,769	-
Total all other governmental funds	\$ 15,789,293	\$ 96,487,284	\$ 48,930,892	\$ 35,117,134	\$ 37,101,190	\$ 36,388,846	\$ 39,856,107	\$ 42,063,097	\$ 40,624,501	\$ 43,173,530

*Paulding County implemented GASB 54 in 2011

PAULDING COUNTY, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$ 55,621,506	\$ 61,402,456	\$ 71,139,378	\$ 69,425,275	\$ 73,507,364	\$ 71,902,947	\$ 72,726,010	\$ 76,420,730	\$ 78,530,992	\$ 83,052,074
Licenses and permits	1,770,807	1,684,058	827,043	418,666	314,199	396,477	401,286	583,840	700,449	799,445
Intergovernmental*	1,502,209	10,503,875	12,539,098	17,994,469	7,556,746	12,863,115	8,602,078	13,438,765	8,478,505	2,745,819
Fines and forfeitures	931,095	929,701	1,429,305	1,870,675	2,177,006	1,916,401	1,809,874	1,790,623	1,665,816	1,393,119
Charges for services	7,830,328	7,922,743	7,732,736	7,507,272	7,949,596	7,721,805	7,086,883	7,518,179	7,822,228	8,193,060
Investment earnings	954,266	2,056,682	3,591,789	781,674	193,451	182,125	158,175	147,622	104,227	92,462
Contributions and donations	38,527	48,479	1,253,773	881,872	469,124	596,635	202,237	357,199	270,244	322,073
Miscellaneous	226,527	320,787	525,657	442,094	544,246	314,047	384,871	433,835	349,094	381,653
Total revenues	68,875,265	84,868,781	99,038,779	99,322,017	92,711,732	95,893,552	91,371,414	100,690,793	97,922,055	96,979,705
Expenditures										
General government	8,702,356	10,774,513	11,285,677	11,081,126	11,207,834	11,256,783	10,233,219	11,010,588	11,954,367	12,176,378
Judicial	4,131,459	4,677,542	4,850,252	5,171,580	5,045,118	5,008,761	5,005,183	4,927,934	4,978,802	5,321,765
Public Safety	21,964,695	24,469,922	27,502,036	27,550,200	27,534,354	28,182,770	29,174,642	29,683,023	31,055,954	33,174,672
Public works	9,051,348	12,569,722	12,284,573	11,454,071	12,479,067	10,695,703	11,866,358	8,537,966	9,485,961	10,282,390
Health and welfare	1,003,547	1,116,516	1,420,336	1,745,749	1,868,875	1,856,781	1,692,810	1,012,845	1,057,318	1,062,506
Culture and recreation	2,969,136	3,315,581	3,683,992	2,837,411	2,820,172	2,866,307	2,600,661	2,799,616	3,335,714	3,367,942
Housing and development	2,235,320	2,699,848	3,446,918	3,040,188	2,073,949	2,600,816	2,048,471	1,943,792	2,715,439	2,331,184
Capital outlay	16,542,982	24,834,462	78,418,236	47,761,495	19,150,903	22,910,133	13,348,602	18,158,525	26,934,285	18,466,921
Debt service										
Principal	1,077,163	700,000	1,935,000	2,450,000	2,545,000	2,395,000	2,545,000	2,970,000	3,470,000	4,155,000
Interest	430,496	405,656	3,181,795	4,034,357	3,860,850	3,693,609	3,600,576	3,504,287	2,864,914	2,709,634
Issuance costs	-	1,107,269	-	-	138,064	-	-	-	550,005	328,665
Intergovernmental	-	-	-	-	1,350,696	1,439,814	1,843,534	5,512,556	1,813,713	1,912,651
Total expenditures	68,108,502	86,671,031	148,008,815	117,126,177	90,064,882	92,306,477	83,959,056	90,061,142	100,216,472	95,289,708
Excess of revenues over (under) expenditures	766,763	(1,802,250)	(48,970,036)	(17,804,160)	2,646,850	2,987,075	7,412,358	10,629,651	(2,294,417)	1,689,997
Other financing sources (uses)										
Transfers in	3,925,600	3,738,506	7,860,275	6,960,000	4,990,595	-	-	665,836	436,954	553,237
Transfers out	(3,975,600)	(3,788,506)	(6,172,500)	(7,460,000)	(2,535,000)	(200,000)	(200,000)	(865,836)	(636,954)	(753,237)
Refunding bonds issued	-	-	-	-	5,129,938	-	-	-	46,591,069	33,049,000
Bonds issued	-	79,885,000	-	-	-	-	-	-	-	-
Bonds issued	-	-	-	-	-	-	-	768,490	-	-
Premium on bonds issued	-	3,681,868	-	-	(5,276,874)	-	-	-	(40,562,979)	(27,446,335)
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	-	30,530	-
Sale of capital assets	-	-	-	-	-	35,163	14,488	22,877	-	11,125
Total other financing sources (uses)	(50,000)	83,516,868	1,687,775	(500,000)	2,308,659	(164,837)	(185,512)	591,367	5,858,620	5,413,790
Net change in fund balances	\$ 716,763	\$ 81,714,618	\$ (47,282,261)	\$ (18,304,160)	\$ 4,955,509	\$ 2,822,238	\$ 7,226,846	\$ 11,221,018	\$ 3,564,203	\$ 7,103,787
Debt service as a percentage of noncapital expenditures	2.99%	3.70%	7.47%	10.31%	10.38%	9.75%	9.81%	8.87%	8.66%	9.11%

* Intergovernmental revenue varies according to the grants received.

PAULDING COUNTY, GEORGIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY Last Ten Fiscal Years (in thousands)

Digest Year	Real Property	Privately Owned Public Utilities	Personal and Business	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
2005	\$ 2,548,274	\$ 55,928	\$ 654,582	\$ 3,258,784	7.00	\$ 8,146,960
2006	3,087,834	63,713	724,521	3,876,067	7.00	9,690,168
2007	3,451,495	69,459	825,885	4,346,839	9.00	10,867,098
2008	3,622,563	78,043	886,331	4,586,937	9.00	11,467,343
2009	3,334,739	81,707	906,124	4,322,570	10.25	10,806,425
2010	2,660,186	88,174	838,063	3,586,423	11.47	8,966,058
2011	2,401,829	88,174	782,267	3,272,271	11.47	8,180,677
2012	2,139,438	88,174	784,480	3,012,091	13.44	7,530,228
2013	2,159,641	88,138	806,351	3,054,131	13.54	7,635,326
2014	2,545,886	103,722	768,704	3,418,312	12.57	8,545,780

Source: Paulding County Tax Assessors

Note: Property in the county is reassessed annually. The County assesses property at approximately 40 percent of actual value.

A regular \$2,000 Homestead Exemption is allowed on all owner-occupied homes except for purposes of bond tax levies. A special \$4,000 Homestead Exemption (from all state and county ad valorem taxes) is allowed on owner-occupied residences of persons who meet age and income requirements. A special \$10,000 Homestead Exemption is allowed on owner-occupied residences of persons who meet age and income requirements. This exemption applies to all Paulding County school ad valorem taxes except to pay interest on and retire bond indebtedness. Other special exemptions apply as to school ad valorem taxes based on age and income levels which entitle the taxpayer to credits of 50% to 100% of the tax due.

Note: In 2009 Paulding County's property digest began to decline due to the housing market.

PAULDING COUNTY, GEORGIA

PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS Last Ten Fiscal Years

Digest Year	Paulding County					Overlapping Rates					Total Direct & Overlapping Rates	
	Operating Millage		Debt Service Millage	Fire Tax Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage	State of Georgia	City of Dallas		City of Hiram
	Incorporated	Unincorporated										
2005	6.50	6.50	0.50	0.00	7.00	16.41	1.12	17.53	0.25	3.14	-	27.92
2006	6.80	6.80	0.20	0.00	7.00	16.41	0.56	16.97	0.25	3.79	-	28.01
2007	6.50	6.50	0.50	2.00	9.00	18.91	2.08	20.99	0.25	3.79	-	34.03
2008	6.50	6.50	0.50	2.00	9.00	18.91	2.96	21.87	0.25	3.79	-	34.91
2009	6.65	6.65	1.60	2.00	10.25	18.91	2.96	21.87	0.25	3.79	-	36.16
2010	7.60	7.60	1.87	2.00	11.47	18.91	2.96	21.87	0.25	3.79	-	37.38
2011	7.60	7.60	1.87	2.00	11.47	18.91	0.00	18.91	0.25	3.79	-	34.42
2012	8.29	8.29	2.05	3.10	13.44	18.91	0.00	18.91	0.20	4.17	-	36.72
2013	8.22	8.22	2.22	3.10	13.54	18.88	0.00	18.88	0.15	4.17	-	36.74
2014	7.25	7.25	2.22	3.10	12.57	18.88	0.00	18.88	0.10	4.17	-	35.72

Source: Paulding County Board of Commissioners Minutes

PAULDING COUNTY, GEORGIA

PRINCIPAL PROPERTY TAXPAYERS Current Year and Nine Years Ago June 30, 2015

Taxpayer	2015			2006		
	Taxes Levied	Rank	Percentage of Total Tax Levy	Taxes Levied	Rank	Percentage of Total Tax Levy
Greystone Power	\$ 451,798	1	1.22%	\$ 405,669	3	2.26%
WellStar Health System	372,166	2	1.01%			
Georgia Transmission Corp.	260,855	3	0.70%	217,054	7	1.21%
IA Hiram Smith L.L.C.	164,607	4	0.44%	281,913	5	1.57%
Norfolk Southern	135,551	5	0.37%			
City of Atlanta	124,490	6	0.34%	201,758	8	1.12%
BellSouth Telecommunications	120,507	7	0.33%	262,636	6	1.46%
Georgia Power Company	120,027	8	0.32%			
Walmart Real Estate	109,331	9	0.30%			
Jones Co. Ltd.	105,584	10	0.29%	465,471	2	2.59%
Paulding Associates				164,814	10	0.92%
Wal-Mart				383,437	4	2.14%
TEMCO & Associates				526,962	1	2.94%
St. Ives				168,945	9	0.94%

Source: Paulding County Tax Commissioner

PAULDING COUNTY, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Years

Fiscal Year Ending June 30,	Total Tax Levy	Current Tax Collection	Percent of Levy Collected	Collections in Subsequent Years	Total Tax Collections	Total Collections as Percent of Current Levy
2006	\$ 17,951,043	\$ 17,597,446	98.03%	\$ 351,556	\$ 17,949,002	99.99%
2007	21,138,250	21,106,336	99.85%	23,370	21,129,706	99.96%
2008	31,572,008	31,396,979	99.45%	145,589	31,542,568	99.91%
2009	32,907,367	32,525,284	98.84%	339,500	32,864,784	99.87%
2010	37,382,099	36,572,301	97.83%	746,289	37,318,590	99.83%
2011	34,436,345	34,274,232	99.53%	93,038	34,367,270	99.80%
2012	31,632,338	30,571,901	96.65%	956,882	31,528,783	99.67%
2013	33,377,150	32,582,693	97.62%	641,405	33,224,098	99.54%
2014	34,080,208	33,383,040	97.95%	410,315	33,793,355	99.16%
2015	37,024,551	36,426,765	98.39%	-	36,426,765	98.39%

Source: Paulding County Tax Commissioner

PAULDING COUNTY, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Intergovernmental Payable	Notes Payable	Revenue Bonds	Notes Payable	Intergovernmental Payable	Primary Government			
2006	\$ 9,740,000	\$ -	\$ -	\$ 41,879,006	\$ 713,015	\$ -	\$ 54,157,486	1.90%	\$ 448	
2007	92,583,361	-	-	40,108,914	570,605	-	134,932,917	4.70%	1,076	
2008	90,506,751	-	-	38,253,822	419,435	-	130,717,274	4.54%	1,022	
2009	87,915,141	-	-	52,672,479	258,966	-	142,243,239	3.62%	1,068	
2010	85,074,829	-	-	50,137,998	6,829,724	-	143,290,991	3.24%	1,049	
2011	82,160,679	-	-	47,072,085	6,438,771	-	136,764,387	2.86%	961	
2012	79,387,554	-	-	43,856,877	1,569,321	-	130,173,752	2.66%	907	
2013	76,213,797	-	768,490	41,466,200	1,372,790	-	124,911,277	2.36%	863	
2014	76,691,519	4,590,000	1,739,559	37,850,544	1,166,964	-	126,723,586	2.26%	862	
2015	74,670,176	11,480,000	7,013,559	34,076,056	951,393	-	132,456,184	2.80%	889	

Note: Details regarding the County's debt can be found in the notes to the financial statements.
See the Demographic Statistics for personal income and population data.

PAULDING COUNTY, GEORGIA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING Last Ten Fiscal Years

Fiscal Year	Population	Assessed Value (thousands)	Gross Bonded Debt	Debt Service Fund Balance	Net Bonded Debt	Ratio of Net bonded Debt to Assessed Value	Net Bonded Debt per Capita
2006	120,841	\$ 3,258,784	\$ 9,740,000	\$ 2,469,702	\$ 7,270,298	0.22%	\$ 60
2007	125,351	3,876,067	92,583,361	2,472,717	90,110,644	2.32%	719
2008	127,906	4,346,839	90,506,751	1,285,973	89,220,778	2.05%	698
2009	133,135	4,586,937	87,915,141	1,275,280	86,639,861	1.89%	651
2010	136,655	4,322,570	85,074,829	1,059,728	84,015,101	1.94%	615
2011	142,324	3,586,423	82,160,679	1,313,563	80,847,116	2.25%	568
2012	143,542	3,272,271	79,387,554	1,232,569	78,154,985	2.39%	544
2013	144,800	3,012,091	76,213,737	1,515,862	74,697,875	2.48%	516
2014	146,950	3,054,131	76,691,519	2,146,542	74,544,977	2.44%	507
2015	148,987	3,418,312	74,670,176	3,370,229	71,299,947	2.09%	479

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

PAULDING COUNTY, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2015

Governmental Unit	Debt Outstanding	Estimated* Percentage Applicable	Estimated Share of Overlapping Debt
Direct:			
General Obligation Bonds	\$ 74,670,176	100%	\$ 74,670,176
Intergovernmental Payable	11,480,000	100%	11,480,000
Loans Payable	7,013,559	100%	7,013,559
Total Direct	93,163,735		93,163,735
Overlapping:			
Paulding County School District:			
General Obligation Bonds	102,380,000	90%	92,142,000
Capital Leases	180,420	90%	162,378
City of Dallas:			
Intergovernmental Contracts	6,125,000	6%	367,500
GEFA Loans	17,824,715	6%	1,069,483
Total Overlapping	126,510,135		93,741,361
Total Direct and Overlapping	\$ 219,673,870		\$ 186,905,096

* Estimated percentage applicable is calculated based on assessed property value.

PAULDING COUNTY, GEORGIA

LEGAL DEBT MARGIN INFORMATION Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Assessed Value of Property	\$ 3,258,783,875	\$ 3,876,066,965	\$ 4,346,838,804	\$ 4,586,936,931	\$ 4,322,569,651	\$ 3,586,423,135	\$ 3,272,270,626	\$ 3,012,091,356	\$ 3,054,130,546	\$ 3,418,312,210
Less: Special Homestead Exemption	(144,164,352)	(188,576,783)	(201,769,303)	(219,424,316)	(220,206,684)	(188,756,893)	(225,191,114)	(224,685,721)	(221,222,794)	(204,932,223)
Assessed Value for Bond Purposes	<u>\$ 3,114,619,523</u>	<u>\$ 3,687,490,182</u>	<u>\$ 4,145,069,501</u>	<u>\$ 4,367,512,615</u>	<u>\$ 4,102,362,967</u>	<u>\$ 3,397,666,242</u>	<u>\$ 3,047,079,512</u>	<u>\$ 2,787,405,635</u>	<u>\$ 2,832,907,752</u>	<u>\$ 3,213,379,987</u>
Debt Limit - 10% of Assessed Value	\$ 311,461,952	\$ 368,749,018	\$ 414,506,950	\$ 436,751,262	\$ 410,236,297	\$ 339,766,624	\$ 304,707,951	\$ 278,740,564	\$ 283,290,775	\$ 321,337,999
Amount of Debt Applicable to Debt Limit:										
General Obligation Bonds	\$ 9,740,000	\$ 88,925,000	\$ 86,990,000	\$ 84,540,000	\$ 81,780,000	\$ 79,385,000	\$ 76,840,000	\$ 73,870,000	\$ 76,691,519	\$ 74,670,176
Less: Available in Debt Service Fund	(2,469,702)	(2,472,717)	(1,285,973)	(1,275,280)	(1,059,728)	(1,313,563)	(1,232,569)	(1,515,862)	(2,146,542)	(3,370,229)
Net Debt Applicable to Debt Limit	<u>\$ 7,270,298</u>	<u>\$ 86,452,283</u>	<u>\$ 85,704,027</u>	<u>\$ 83,264,720</u>	<u>\$ 80,720,272</u>	<u>\$ 78,071,437</u>	<u>\$ 75,607,431</u>	<u>\$ 72,354,138</u>	<u>\$ 74,544,977</u>	<u>\$ 71,299,947</u>
Legal Debt Margin	<u>\$ 304,191,654</u>	<u>\$ 282,296,735</u>	<u>\$ 328,802,923</u>	<u>\$ 353,486,542</u>	<u>\$ 329,516,025</u>	<u>\$ 261,695,187</u>	<u>\$ 229,100,520</u>	<u>\$ 206,386,426</u>	<u>\$ 208,745,798</u>	<u>\$ 250,038,052</u>
Total net debt applicable to the limit as a percentage of debt limit	2.33%	23.44%	20.68%	19.06%	19.68%	22.98%	24.81%	25.96%	26.31%	22.19%

NOTE: The Constitutional debt limit for direct general obligation tax bonds which may be issued by the Commissioners of Paulding County is 10% of the assessed valuation of taxable property within the County

PAULDING COUNTY, GEORGIA

PLEDGED REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	Operating Revenues	Operating Expenses (1)	Net Revenue Available for Debt Services	Debt Service Requirements (2)		Total	Coverage
				Principal	Interest		
2006	\$ 17,790,621	\$ 10,261,848	\$ 7,528,773	\$ 1,645,000	\$ 1,989,618	\$ 3,634,618	2.07
2007	20,180,090	11,780,024	8,400,066	1,770,000	1,961,707	3,731,707	2.25
2008	19,002,271	12,222,465	6,779,806	1,855,000	1,909,311	3,764,311	1.80
2009	20,304,005	13,727,385	6,576,620	1,940,000	1,997,191	3,937,191	1.67
2010	21,814,247	15,276,639	6,537,608	2,340,000	1,751,813	4,091,813	1.60
2011	23,486,640	16,135,691	7,350,949	2,860,000	2,003,118	4,863,118	1.51
2012	24,829,896	16,961,111	7,868,785	3,000,000	1,883,644	4,883,644	1.61
2013	25,296,030	17,938,024	7,358,006	3,130,000	1,746,914	4,876,914	1.51
2014	26,046,079	18,174,022	7,872,057	3,285,000	1,495,281	4,780,281	1.65
2015	27,812,318	19,835,391	7,976,927	3,455,000	1,369,619	4,824,619	1.65

(1) Total operating expenses exclusive of depreciation.

(2) Includes principal and interest of revenue bonds only. It does not include the GEFA loans reported in the Water and Sewer Department.

PAULDING COUNTY, GEORGIA

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income		Unemployment Rate (3)
		(amounts expressed in thousands)	Per Capita Income (2)	
2006	120,841	\$ 2,844,114	\$ 23,536	4.0%
2007	125,351	2,870,413	22,899	4.0%
2008	127,906	2,877,118	22,494	6.3%
2009	133,135	3,932,675	29,539	10.7%
2010	136,655	4,428,032	32,403	10.8%
2011	142,324	4,773,974	33,543	10.5%
2012	143,542	4,902,246	34,152	8.7%
2013	144,800	5,283,028	36,485	8.3%
2014	146,950	5,596,003	38,081	7.8%
2015	148,987	4,724,825	31,713	5.5%

(1) Source: U. S. Census Bureau estimate

(2) Source: Bureau of Economic Accounts

(3) Source: Georgia Department of Labor

PAULDING COUNTY, GEORGIA

PRINCIPAL EMPLOYERS Current Year and Nine Years Ago

Employer	2015			2006		
	Employees	Rank	Percentage of Paulding County Employment	Employees	Rank	Percentage of Paulding County Employment
WellStar Health System Inc	3789	1	5.31%	365	4	0.64%
Paulding County Board of Education	3295	2	4.62%	3000	1	5.23%
Wal-mart Associates Inc.	1715	3	2.40%	701	3	1.22%
Paulding County Government	845	4	1.18%	703	2	1.23%
Kroger	671	5	0.94%			
Publix Super Markets	207	6	0.29%	117	9	0.20%
Metromont Press	200	7	0.28%			
Learning Bridge	176	8	0.25%			
Home Depot	155	9	0.22%	110	10	0.19%
Waffle House	150	10	0.21%	200	7	
Aiken Grading				260	5	0.45%
Target Corporation				185	8	0.32%
Bellsouth				230	6	0.40%

Source: Georgia Department of Labor
Number of employees are estimated

PAULDING COUNTY, GEORGIA

FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of June 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	82	85	84	81	77	74	74	74	76	76
Judicial	47	71	70	70	64	62	62	67	76	76
Public Safety	61	61	54	44	47	47	48	49	51	51
Firefighters	75	81	85	112	118	129	129	138	140	140
Sheriff	240	269	268	269	278	268	272	282	276	276
Public Works	94	96	94	88	88	80	80	81	81	81
Department of Transportation	61	64	61	59	53	55	55	58	58	58
Health and welfare	9	8	8	8	8	7	7	8	7	7
Culture and recreation	37	38	39	34	34	35	35	35	38	38
Housing and development	28	25	25	12	13	14	13	14	17	17
Total	734	798	788	777	780	771	775	806	820	845

Source: Paulding County Finance Department - Budget Documents

PAULDING COUNTY, GEORGIA

OPERATING INDICATORS BY FUNCTION Last Ten Fiscal Years

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Animal Control cases	5,866	7,801	6,513	5,898	5,232	4,983	3,868	3,636	3,368	3,241
Emergency 911 ** call volume	140,673 *	188,029	203,401	228,760	218,627	218,627	285,813	285,813	286,846	283,326
Marshal call volume	1,272	1,190	986	1,094	831	1,725	3,133	2,834	2,861	2,246
Fire call volume	8,659	9,001	9,140	9,297	9,799	10,379	10,772	10,772	11,865	12,667
Sheriff call volume	46,233	58,054	73,221	71,054	71,925	71,925	64,197	64,405	59,871	57,456
Health and welfare										
Senior Programs	1,265	1,485	1,400	1,092	1,100	1,080	1,085	1,085	1,085	1,282
Transit Trips	38,680	29,470	39,745	42,809	43,450	43,520	43,200	43,200	43,200	33,414
Meals on Wheels	3,828	18,571	19,620	29,107	29,220	29,200	29,150	29,150	29,150	26,009
Culture and recreation										
Recreation programs	98	110	103	165	115	121	180	180	180	168
Housing and development										
Permits issued	3,686	2,953	1,600	812	741	536	474	725	1,086	2,725

* A hardware failure with the Bellsouth line logger caused permanent loss of call volume.

n/a Information is not available.

Source: Paulding County Departments

PAULDING COUNTY, GEORGIA
CAPITAL ASSET STATISTICS BY FUNCTION
 Last Ten Fiscal Years

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Buildings	51	51	51	51	52	52	52	52	52	52
Public Safety										
Fire stations	10	10	10	10	11	12	12	12	12	13
Culture and recreation										
Acreage	832	923.4	1014.8	1106.2	1197.6	1197.6	1197.6	1197.6	1204.6	1381.6
Parks	10	11	11	11	11	11	11	11	12	12

Source: Paulding County Government asset records