



comprehensive annual financial report • year ended december 31, 2005

• **gwinnett**county georgia

05



gwinnettcounty, Georgia
Comprehensive Annual Financial Report
Year ended December 31, 2005

Prepared by:
Department of **Financial Services**
and the **Communications Division**

board of
commissioners



Charles E. **Bannister**

CHAIRMAN



Lorraine **Green**

DISTRICT 1



Bert **Nasuti**

DISTRICT 2



Mike **Beaudreau**

DISTRICT 3



Kevin **Kenerly**

DISTRICT 4



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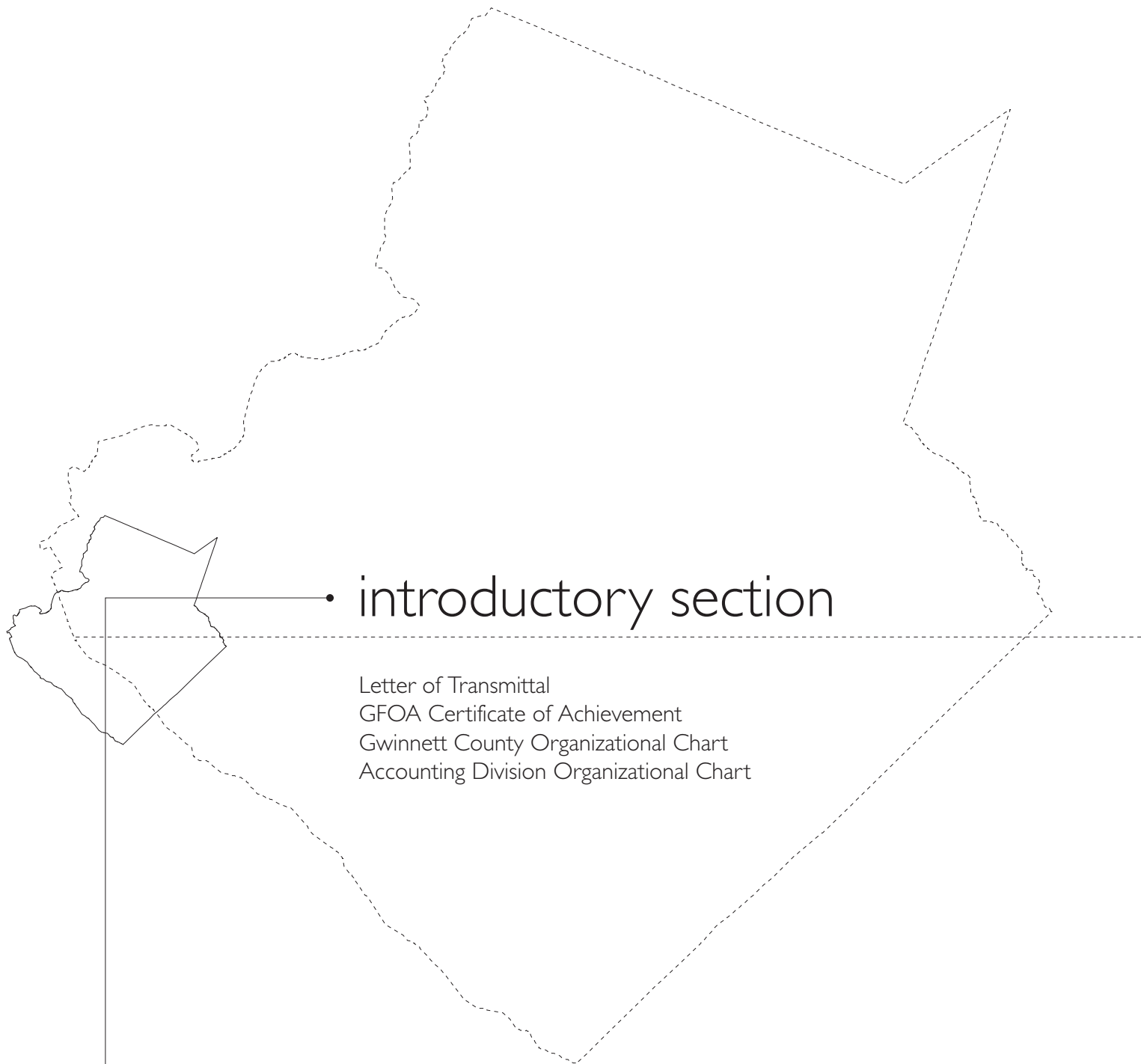
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• introductory section

- Letter of Transmittal
- GFOA Certificate of Achievement
- Gwinnett County Organizational Chart
- Accounting Division Organizational Chart



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June 9, 2006

Citizens,
Chairman, and
Members of the Board of Commissioners
GWINNETT COUNTY, GEORGIA:

Gwinnett County ended 2005 in excellent financial shape, thanks to conservative fiscal management and solid long-term planning.

The County completed many infrastructure improvements during the year, supported in part by voter approval in late 2004 of a sixth special-purpose local-option sales tax (SPLOST). During the course of 2005, Gwinnett County also became Georgia's second largest county in terms of population.

As Director of Financial Services, I'm pleased to continue our tradition of excellent financial reporting with this comprehensive annual report for the fiscal year ended December 31, 2005.

This report was prepared as required by both local ordinances and state statutes. It provides detailed information on how the County receives, spends, and accounts for its fiscal resources, along with key indicators of financial strength. The County is responsible for the accuracy of the data and for the fairness and completeness of the presentation. We believe this document contains all information necessary to gain an understanding of the County's financial activities in 2005, and that it is fair and accurate in all material respects. We encourage readers to consider this transmittal letter in conjunction with the annotated financial statements and management's discussion and analysis.

The Comprehensive Annual Financial report (CAFR) has three main sections:

- **Introduction** – includes this transmittal letter; members of the Board of Commissioners, organization charts for the County and for the Department of Financial Services, and a copy of our certificate of achievement for excellence in financial reporting
- **Financial** – contains the independent auditor's report, and management's discussion and analysis, the basic financial statements with notes, individual and combined statements, and schedules for individual funds
- **Statistical** – includes selected financial and demographic information presented primarily in multi-year form

Two additional sections are also included to comply with other legal requirements:

- **Single Audit** – includes the schedule of expenditures of federal, state, and local awards; schedule of findings and questioned costs; and the independent auditor's report on internal control structure and compliance with applicable laws and regulations.

We present this information in accordance with the *Single Audit Act of 1996* and the U.S. Office and Management and Budget's Circular A-133, Audits of States, Local Governments, and Non-profit Organizations.

- **Disclosure** – presents annual financial information and operating data for outstanding bond issues. The Securities and Exchange Commission's *Rule 15c 12-2* requires that municipal bond underwriters gain reasonable assurance from bond issuers that they will provide annual information and notices of material events for disclosure to the secondary bond market.

The County has various component units, which are legally separate entities but which have significant operational and/or financial relationships to the County.

- Discretely presented component units are reported in a separate column/row in the financial statements to emphasize that they are legally separate and to differentiate their financial position from those of the primary government. This group includes the Gwinnett County Public Library System, the Springbrook Golf Course Commission, the Gwinnett County Health Department, and the Development Authority of Gwinnett County. Individual presentation is found in the combining statements on pages III 40 – 41.
- Blended component units are in substance part of the primary government's operations and are therefore included as part of the primary government. Specifically, the Airport Authority, the Recreation Authority, and the Water and Sewerage Authority are reported as part of the primary government.

demographics

Gwinnett County is the northeast gateway to the metropolitan Atlanta area, with Interstate 85 running generally north/south through the county. The county seat of Lawrenceville is a 25-minute drive from downtown Atlanta. There are 15 incorporated municipalities within Gwinnett County's 437 square miles. The majority (80.3 percent) of Gwinnett County's residents live in unincorporated Gwinnett. Gwinnett has grown rapidly for the past 30 years and continues to gain approximately 25,000 new residents annually. The statistical section of this report contains more detailed demographic information.

governmental structure

The governing authority consists of a five-member Board of Commissioners, including a full-time chairman elected at large, and four part-time commissioners elected within districts. The County Administrator reports to the Board of Commissioners and manages the daily operations of 11 departments through their appointed directors.

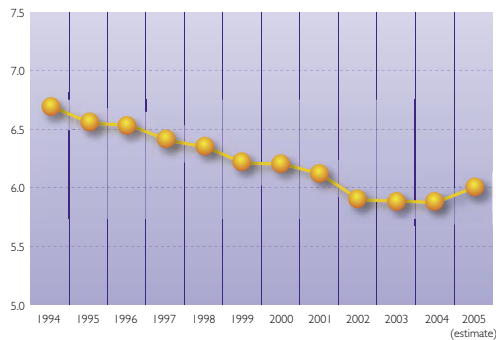
The County government provides traditional county services, such as road construction and maintenance and court-related functions, as well as typical municipal services such as police, fire, emergency medical, recreation, and water and sewer. Private firms provide sanitation services through franchise agreements.

economic condition and outlook

Local Economy

By many different measures, Gwinnett is a prosperous and growing county. We continue to attract tens of thousands of new residents each year, drawn by the opportunities and quality of life we have to offer.

- The county's population now stands at an estimated 726,273 residents, up nearly 130,000 since 2000. (*Source: U.S. Bureau of the Census*)
- Gwinnett gained more than 12,200 jobs, a growth of 4.2 percent, between 2003 and 2004 contrasted with 1.2 percent statewide. According to the Georgia Department of Labor, Gwinnett had 313,815 jobs in second quarter of 2005.
- Unemployment is 4.4 percent compared to 5.1 percent statewide according to the Georgia Department of Labor. (February 2006 numbers)



County Employees Per 1,000 Population

capital improvement program

major initiatives

- The Tax Digest continues to grow with the real property net tax digest and the personal property net tax digest expected to grow 9.5 percent and 5.7 percent in 2006
- The County has rolled back the millage rate with the passage of SPLOST programs a total 2.0 mills. These reductions remain in effect. Combined with rollbacks to offset property value updates, the County has reduced the millage rate a total 3.48 mills since 1996 – a 23 percent reduction to the total county millage. This includes a .25 mill addition in 2003 for the voter-approved jail expansion.

There is more economic information in this report under Management’s Discussion and Analysis, as well as on the Internet at www.gwinnettcounty.com. Go to **Departments > Financial Services > Economic Analysis** and look for the quarterly Gwinnett County Economic Indicators report.

We have consistently maintained a strong financial position despite economic downturns, and we intend to continue that tradition through careful planning.

Maintaining and expanding the County’s infrastructure – including water, sewer, recreation, transportation, criminal justice, and public safety – remains a high priority for the County. As a result, the County adopts an annual capital budget along with a preliminary five-year plan (known collectively as the Capital Improvement Plan, or CIP). The CIP both identifies sources of funding and prioritizes the many infrastructure projects over the six-year period. Moreover, the CIP is developed in accordance with the County’s Comprehensive Plan as well as various master plans specific to each area, such as water and sewer.

This section highlights some of the major initiatives that were underway in 2005. More recent information and details are available in the 2006 County Budget.

Financial Services

We maintained the top Aaa/AAA ratings from all three major credit rating agencies –Moody’s Investor Services, Standard and Poor’s, and Fitch Ratings – for the ninth consecutive year in 2005. These ratings produce significant interest savings and are solid evidence of our financial strength and stability.

Voters renewed the SPLOST for another four years, with collections beginning April 1, 2005. Expected total revenue of about \$550 million will be split 84/16 percent between the County and its cities, and is earmarked for transportation, recreation, public safety, and libraries.

The 2006 budget totals \$1.5 billion – approximately the same as 2005 – with an operating budget of \$755.7 million and a capital budget of \$787.4 million. Planned capital spending totals almost \$2.3 billion over the next six years (2006 – 2011).

Planning and Development

Gwinnett issued 8,337 new single-family building permits in 2005. Zoning changes included the addition of mixed-use and high-rise categories in major activity centers along the I-85 corridor.

The Board of Commissioners has approved several Community Improvement Districts (CIDs) in which property owners in a specific area agree to pay additional taxes that are spent on improvements to the area such as street and intersection upgrades. Several



Tax Allocation Districts (TADs) will be voted on in the Fall of 2006. TAD's are designated areas within the County where increased tax revenue from a specific area due to redevelopment is used to repay bonds issued for infrastructure construction necessary to allow redevelopment in that area.

Community Services

Several new or improved parks opened in 2005, including two new activity buildings, and more than a dozen new parks or park enhancements will either open to the public or get underway during 2006. Citizen steering committees help prepare master plans for each park.

Our award-winning greenspace preservation program added another 115 acres in 2005, bringing the total parkland to more than 8,000 acres. The Gwinnett Environmental and Heritage Center will open in fall 2006, and is the County's first "green" building to meet the U.S. Green Building Council's Leadership in Energy and Environmental Design standards.

The County will add two new branch libraries to its 12 existing branches in 2006.

Public Safety

A new north police precinct opened in 2005, and construction is underway on an east precinct and a state-of-the-art police training facility. The Pre-Trial Detention Center expansion is adding 1,440 beds this year, and a new building for Recorder's and Juvenile Courts opened in January 2006. The Department of Fire and Emergency Services added one new station plus additional firefighting equipment, ambulances, and emergency medical staff in 2005. Full building security has been implemented at the Gwinnett Justice and Administration Center.

Public Utilities

The County installed 94 miles of water mains and 159 miles of sewer in 2005 and added 9,100 water customers.

A major expansion of the County's state-of-the-art F. Wayne Hill Water Reclamation Facility will open in 2006. We have reached an agreement with the Lake Lanier Association on discharge procedures and requirements.

A six-year project to install high-capacity water and sewer mains in rapidly growing north Gwinnett will also be completed this year.

Gwinnett County is forming a new stormwater utility in 2006 to manage flooding, drainage, environmental, and water-quality requirements and projects.

Construction is now complete on the \$15 million Upper Chattahoochee wastewater tunnel project and a new pump station, allowing us to close the outdated Sugar Hill wastewater treatment plant.

Support Services

Information Technology, in partnership with the Department of Financial Services, continues to implement a series of new enterprise resource and customer relationship management systems to improve the efficiency of our financial, budgeting, purchasing, human resources, utilities, property appraisal, billing, and payroll operations.



financial information

The County purchased a vacated Wal-Mart building in 2005 to house a public health clinic, an elections office, and a records management facility. Prior to beginning renovations, we were able to use the empty building as a temporary American Red Cross Joint Resource Recovery Center to help victims of Hurricane Katrina who had evacuated to our area.

The main courthouse and administration building is being reconfigured for better space utilization following the opening of a new building for the Recorder's and Juvenile courts in January 2006.

The County's website, www.gwinnettcounty.com, has been expanded to offer public access to Geographic Information Systems data and aerial photography. The site has also added on-demand and live broadcasts of Commission meetings.

Transportation

The County is continuing to follow its Comprehensive Transportation Plan to develop a safe and efficient, multi-modal transportation system that will meet the needs of its users through 2020. The master plan for Briscoe Field airport is also being updated.

Construction began in early 2006 to improve safety and traffic flow by rebuilding one of the county's major expressway interchanges: I-85 at SR 316.

Sales tax funding helped pay for the 36 road-improvement projects that opened in 2005, including phase one widening of Medlock Bridge Road. School zones and intersection improvements were again a major focus with many safety upgrades that added turn lanes, crosswalks, traffic signals, and sidewalks. We completed 12 "quick fix" projects to improve traffic flow at various locations.

Gwinnett County maintains more than 2,600 miles of roads and almost 600 traffic signals. We are currently installing remote traffic-flow monitoring and control equipment on major roadways, and are using red-light cameras to improve safety at intersections.

As ridership on Gwinnett Transit lines continued to rise, we modified vehicles and schedules to make more seats available on our popular express routes that boarded about 1,700 passengers per day in November 2005. Local bus service boarded about 4,600 riders per day in the same month.

Human Resources

The County used financial incentives to help recruit dozens of new police officers and deputy sheriffs in 2005. Increased efficiency reduced the average hiring time for police officers from five months to three.

Gwinnett County will add a total of 181 new positions in 2006, down from 239 last year.

Internal Controls

County management maintains internal accounting controls to ensure that the County's assets are protected from loss, theft, or misuse and that adequate accounting data allows financial statements to conform with generally accepted accounting principles. These controls provide reasonable, but not absolute, assurance of meeting our objectives, recognizing that 1) the cost of an accounting control should not exceed the likely benefit, and 2) evaluating costs and benefits requires management estimates and judgments.

Budgetary Controls

Sound financial management and legal compliance require good budget controls. State statutes require the County to operate under an annual balanced budget adopted by local resolution. Within each fund, expenditures may not legally exceed appropriations at the department level. An automated funds-availability verification process provides operational control of departmental budgets, along with an encumbrance accounting system. More details are in **Note 2** of the Notes to Financial Statements.

Financial Services is responsible for compiling an annual budget for all County funds. No later than December 1, the Chairman of the Board of Commissioners submits to the Board a proposed budget for the ensuing calendar year for each County fund. The Board reviews, meets legal requirements for advertising the budget and for holding public hearings, then adopts the annual budget at the first regularly scheduled Commission meeting of the year.

Cash Management

County funds are held in interest bearing, demand deposit, and savings accounts at Wachovia Bank NA and in Georgia Fund I (GAI) local government investment pool at the State of Georgia-Office of Treasury and Fiscal Services (OTFS). Interest paid on these accounts is very short-term and typically tied to the Intended Federal Funds Rate. Earnings on deposits rose during 2005. The average of rates paid on accounts at Wachovia and GAI rose by 2.04 percentage points from 2.31 percent at December 31, 2004, to 4.35 percent on December 31, 2005.

The County invests excess funds in the fixed income securities market, principally in agencies with maturities of less than three years. The average rate earned on investments at December 31, 2004, was 2.62 percent and rose by 0.58 percentage points to 3.20 percent at December 31, 2005.

In November 2003, the Board of Commissioners approved a Resolution to Authorize Investment in the Georgia Extended Asset Pool (GEAP), a variable net asset value fund managed by OTFS. At December 31, 2004, 18 percent of the total portfolio was on deposit in GEAP earning a rate of 2.46 percent with a net asset value (NAV) of \$1.99. As short-term rates rose in 2005, yields continued to increase and GEAP's NAV continued to decline. Gwinnett County gradually redeemed its shares and exited GEAP in November 2005. Funds were redirected to Wachovia Bank and to GAI.

The weighted average yield for cash, cash equivalents and investments was 2.48 percent for 2004 and rose 1.53 percentage points to 4.01 percent for 2005. In dollar terms, earnings rose from \$24,072,238 in 2004 to \$32,012,307 in 2005.

Gwinnett employs a monthly mark-to-market policy, and at year-end 2005, total market value across all investments was 100 percent of book value. At December 31, 2005, 68 percent of the portfolio was held in cash or cash equivalents, of which 27 percent was invested with the Office of Treasury and Fiscal Services and 30 percent was on deposit with Wachovia Bank in demand deposit and savings accounts. Approximately 32 percent of the portfolio was invested in United States Government agencies.

Risk Management

Financial Services' Risk Management division is responsible for developing and administering the County's risk management, safety/loss control, and employee benefit programs to provide maximum quality protection for the County's assets, employees, and the public at the lowest possible cost.

Three basic strategies help fulfill this mission:

- Financial protection through self-funding
- Countywide safety program
- Expedient claims handling

The County self-funds a large portion of its exposure and buys excess insurance to cover larger, less frequent, catastrophic losses. Self-funding significantly reduces insurance policy cost (see pages S 25 – 29 of the Statistical Section).

Our comprehensive safety program promotes safe work environments, facilities, and operations for employees and the public.

Efficient claims handling in a professional, responsive manner is critical to meet the claimant's needs and keep claim costs as low as possible. We review and coordinate 21 benefit programs to ensure that County employees and their families have access to cost-efficient programs that are responsive to their needs.

other information



Independent Audit

The financial statements are prepared in compliance with governmental-reporting standards issued by the Governmental Accounting Standards Board, guidelines issued by the Government Finance Officers Association of the United States and Canada, and generally accepted accounting principles applicable to government entities. Georgia requires an annual audit by an independent Certified Public Accountant. Included in the financial section is the report on the County's basic financial statements by the accounting firm of Mauldin & Jenkins Certified Public Accountants, LLC, which the County selected through a competitive proposal process in 2004.

Mauldin & Jenkins also performed an audit of federal awards in accordance with the *Single Audit Act* and the Office of Management and Budget's Circular A-133. More information and the Mauldin & Jenkins reports are in the Single Audit Section.

Internal Audit

The County's Internal Audit division reports directly to the County Administrator. Directed by Board of Commissioners' policy, as authorized by State of Georgia *O.C.G.A. Section 36-5-22.2* enacted in 1987, the Internal Auditor may examine financial records and administrative procedures pertaining to any funds under the control of the Board of Commissioners, including those of elected officials.

Awards

In 2005, Gwinnett County received a Certificate of Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for the fiscal year ending December 31, 2004. This was the 24th consecutive year in which the County has received this certification. The award honors easily readable, efficiently organized, comprehensive annual financial reporting that conforms to program standards. The certificate recognizes the use of generally accepted accounting principles and meeting applicable legal requirements. The County intends to maintain and surpass this standard and to submit this and future reports to GFOA for consideration.

acknowledgements

This document is made possible by the contributions and commitment of staff in all eight divisions of the Department of Financial Services throughout the year and especially during the annual audit and CAFR preparation. We also thank Mauldin & Jenkins for their assistance, and the County's Communications Division for their help in publishing this report. We recognize and appreciate the willingness of each County department and other elected officials to work together toward common goals to benefit Gwinnett's residents.

We extend appreciation and thanks to Chairman Charles Bannister, who took office on January 1, 2005, to County Administrator Jock Connell, and to the members of the Board of Commissioners for their support, guidance, and advice in planning and conducting the County's financial activities in a responsible and progressive manner. Our continued solid financial position throughout 2005 is a tribute to their dedication.

Respectfully submitted,



Lisa Johnsa
Director of Financial Services

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Gwinnett County,
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



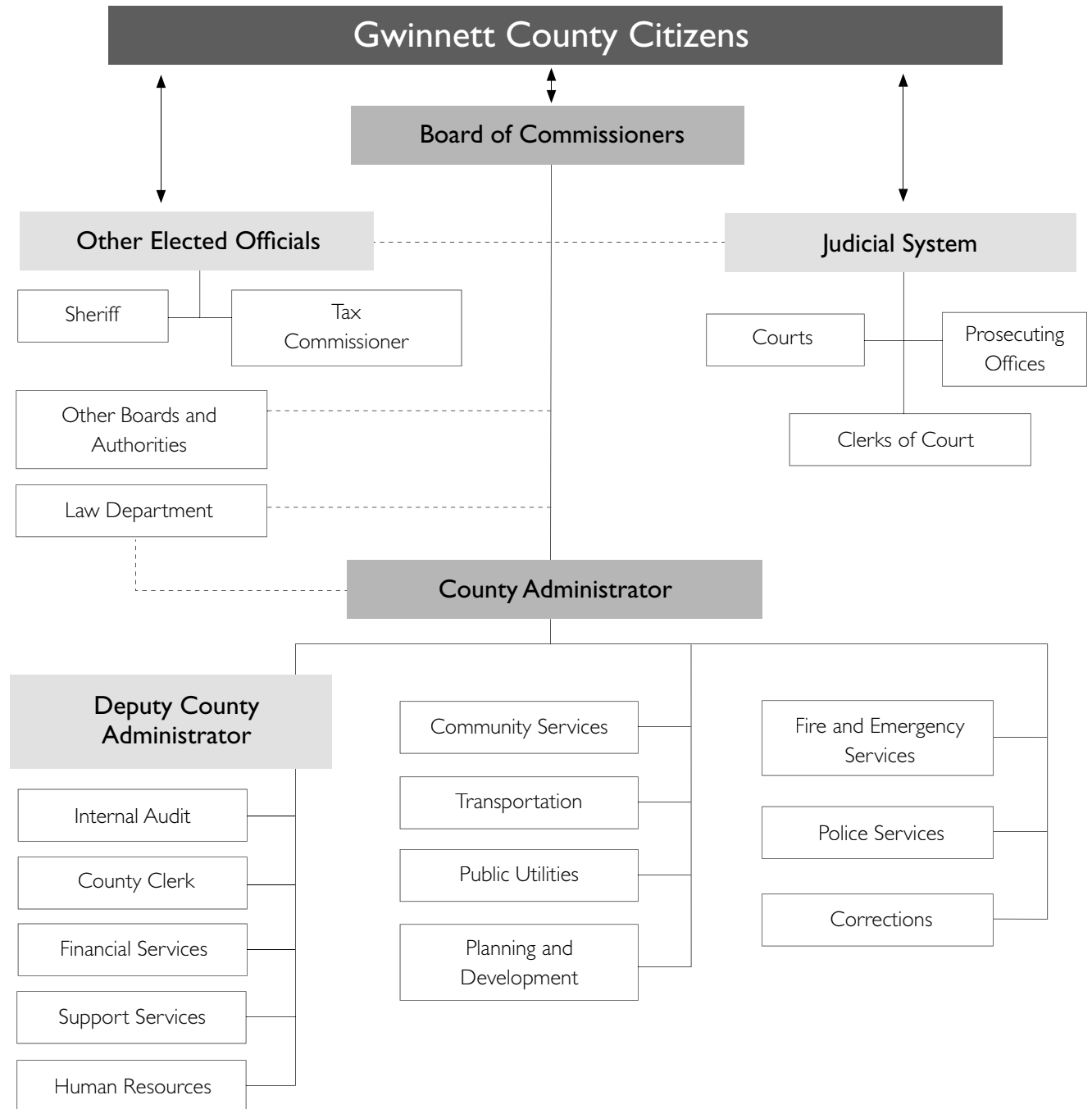
Carla E. Fudge

President

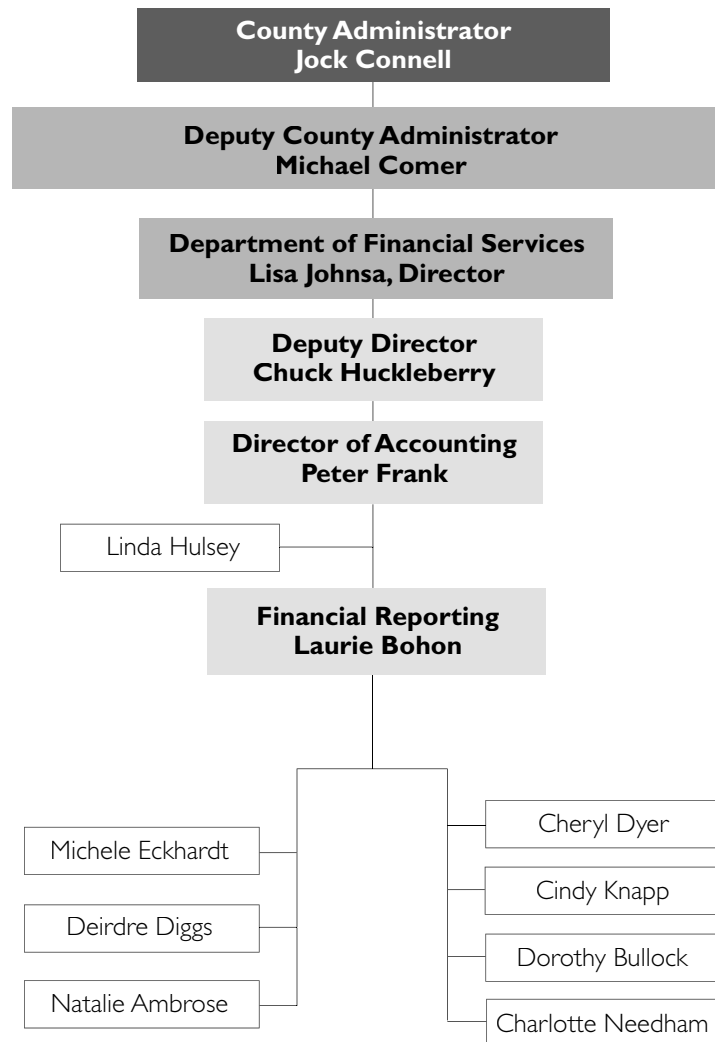
Jeffrey R. Emery

Executive Director

gwinnett county organizational chart



**accounting division
organizational chart**



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• financial section

Independent Auditors' Report
Management's Discussion and Analysis



INDEPENDENT AUDITORS' REPORT

The Board of Commissioners Gwinnett County, Georgia

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 **Gwinnett County, Georgia** (the County) as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Gwinnett County Board of Health, which represents 11% and 49%, respectively, of the assets and revenue of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Gwinnett County Board of Health, is based on the report 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Gwinnett County, Georgia, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2006 on our consideration of the County'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Schedule of Funding Progress (on pages 15 through 27 and page 79, respectively) are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, statistical section, disclosure section, and the accompanying Schedule of Expenditures of Federal and State Awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 combining and individual fund financial statements and schedules and the Schedule of Expenditures of Federal and State Awards have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory, statistical, and disclosure sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Mauldin & Jenkins, LLC

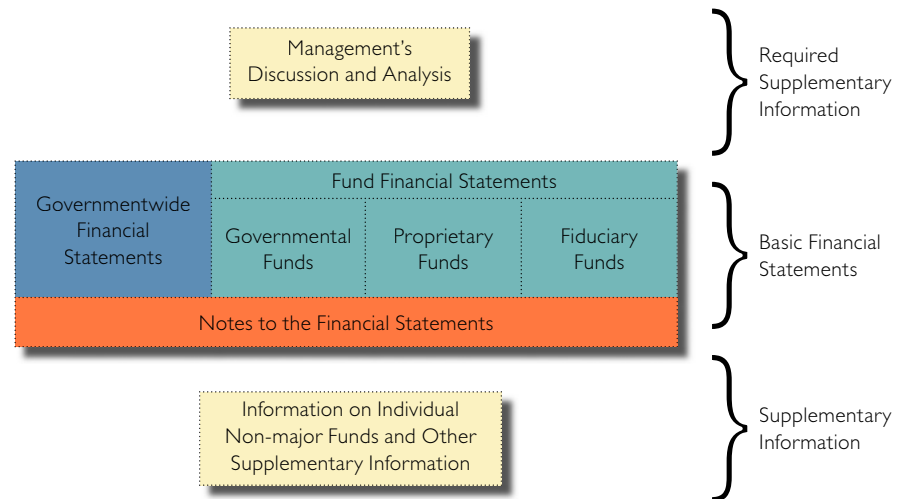
Atlanta, Georgia
June 9, 2006

management's discussion and analysis

overview of the financial statements

As management of Gwinnett County, Georgia, we offer readers of Gwinnett County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2005. This discussion is intended to: 1) assist the reader in understanding significant financial issues; 2) provide an overview of the County's financial activities; 3) identify changes in the County's financial position; 4) identify material deviations from the original budget; and 5) identify individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

This is the fourth Comprehensive Annual Financial Report (CAFR) Gwinnett County has issued under the Governmental Accounting Standards Board (GASB) Statement N^o. 34. Because the presentation is very different from pre-GASB 34 CAFRs, we are providing the following illustration:



The County's basic audited financial statements are comprised of three components: 1) governmentwide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This section also contains other supplementary information in addition to the basic financial statements themselves.

Governmentwide financial statements. The governmentwide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to private-sector business reporting. All governmental and business-type activities are combined to arrive at a total for the Primary Government. There are two governmentwide statements, the statement of net assets and the statement of activities, which are described below.

The statement of net assets presents information on all of the County's assets and liabilities (for all fund types except fiduciary), with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. It is important to note that this statement com-

bines the governmental fund's current financial resources (short-term) with capital assets and long term liabilities. The reader should recall that prior to the implementation of GASB Statement 34, capital assets and long term liabilities were excluded from an entity's balance sheet and instead presented within the General Fixed Asset and General Long Term Debt Account Groups.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. The format of this statement is very different from a traditional "income statement." The format is intended to portray the extent to which governmental activities are funded by taxes and the extent to which business-type activities are supported by the revenues they generate. The statement presents all underlying events giving rise to the changes in net assets, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Each of the governmentwide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, police services, correctional services, fire and emergency services, judiciary, transportation, community services, community development, parks and recreation, library, tourism, and development authority. The business-type activities of the County include Water and Sewer, Airport, Solid Waste, Stormwater, and Transit.

The governmentwide financial statements include Gwinnett County itself (known as the primary government), the Springbrook Golf Course Commission, the Public Library System, the Gwinnett County Health Department, and the Gwinnett County Development Authority. These legally separate entities are designated as component units of the County 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 Water and Sewer Authority, the Airport Authority, and the Recreation Authority, although also legally separate, operate in some ways similarly to departments of the County, and therefore are included as integral parts of the primary government.

The governmentwide financial statements can be found on pages 29 – 30 of this report. The component unit combining statements are on pages 40 – 41.

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. Gwinnett 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 Gwinnett County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is more limited than that of the governmentwide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the governmentwide financial statements. By doing so, readers may better understand the long-term impact of the government's near-

term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities (in the governmentwide financial statements).

The County maintains separate governmental funds to account for the following activities: General; Special Revenue (Street Lighting, Speed Hump, Sheriff Special Operations, Police Special Investigation, Crime Victim Assistance, Corrections Inmate Welfare, Sheriff Inmate Store, E-911, Fire District, Recreation District, Grant, and Tourism); Capital Projects (1992 Sales Tax, 1997 Sales Tax, 2001 Sales Tax, 2005 Sales Tax, 2003 General Obligation Bonds Construction, and Other Capital Projects); and Debt Service. 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, Other Capital Projects, 1997 Sales Tax, 2001 Sales Tax, and 2005 Sales Tax funds, all of which are considered to be major funds. Data from the other (non-major) governmental funds are combined into a single, aggregated column.

Gwinnett County adopts an annual appropriated budget for its general, special revenue, debt service, and capital projects funds. A budgetary comparison statement has been provided for the General Fund. This statement is found on page 35. The basic governmental fund financial statements can be found on pages 31 – 35.

Proprietary funds. Gwinnett County maintains two different types of proprietary funds. Enterprise funds are used to account for quasi-business functions where revenues typically come from charges or fees (gallons of water used, airport rental, etc.) rather than taxes. The County uses enterprise funds to account for its Water and Sewer, Airport, Solid Waste, Stormwater, and Transit activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its group insurance, risk management, and fleet activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the governmentwide financial statements.

Proprietary funds provide the same type of information as the governmentwide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Water and Sewer and Stormwater, which are considered to be major funds of the County.

The basic proprietary fund financial statements can be found on pages 36 – 38 of this report.

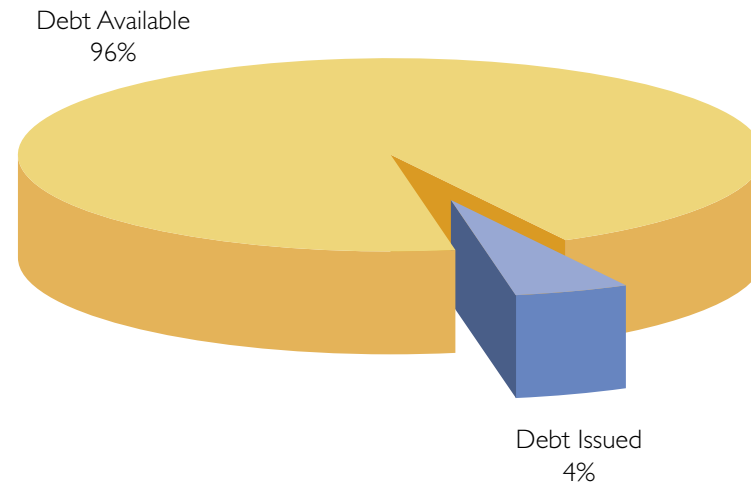
Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the governmentwide financial statements because the resources of those funds are not owned by or available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Gwinnett County maintains seven fiduciary funds, called agency funds for Tax Commissioner, Clerk of the Courts, Recorder's Court, Sheriff, Probate Court, Juvenile Court, and Corrections Inmate. The agency funds are presented in total, in one column in the Statement of Assets and Liabilities on page 39.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the governmentwide and fund financial statements. The notes to the financial statements can be found on pages 43 – 78 of this report.

financial highlights

- Gwinnett County's assets exceeded its liabilities at December 31, 2005, by \$4,682,490,000 (net assets). Of this amount, \$380,302,000 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of December 31, 2005, the County's governmental funds reported combined ending fund balances of \$794,668,000, a decrease of \$51,316,000 in comparison with the prior year. Of this amount, \$776,556,000 remains in the various funds as unreserved.
- At December 31, 2005, the County's General Fund reported a fund balance of \$133,141,000; an increase of \$32,262,000 or 32 percent from last fiscal year. The key factor in this increase was the closing of the Fire Fund and transfer of assets to the General Fund.
- Gwinnett County's total long-term obligations decreased by \$32,901,000 during the current fiscal year. The key factor in this decrease was the retirement of \$28 million in revenue bonds for the Water and Sewer Authority.

**Percentage of Legal Debt Limit Used
(FY 2005)**



governmentwide financial analysis

As noted earlier, over time net assets may serve as a useful indicator of a government's financial position. In the case of Gwinnett County, assets exceeded liabilities by \$4,682,490,000 at the close of the most recent fiscal year. This represents an increase of \$346,525,000 or eight percent from fiscal year 2004.

Gwinnett County's Net Assets (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 1,041,898	\$ 1,044,470	\$ 320,438	\$ 353,064	\$ 1,362,336	\$ 1,397,534
Capital assets	1,592,619	1,434,738	2,900,161	2,692,698	4,492,780	4,127,436
Total assets	2,634,517	2,479,208	3,220,599	3,045,762	5,855,116	5,524,970
Long-term liabilities outstanding	217,367	227,964	836,666	858,970	1,054,033	1,086,934
Other liabilities	70,604	43,936	47,989	58,135	118,593	102,071
Total liabilities	287,971	271,900	884,655	917,105	1,172,626	1,189,005
Net assets:						
Invested in capital assets, net of related debt	1,398,909	1,293,946	2,155,024	1,970,986	3,553,933	3,264,932
Restricted	721,891	693,897	26,364	24,989	748,255	718,886
Unrestricted	225,746	219,465	154,556	132,682	380,302	352,147
Total net assets	\$ 2,346,546	\$ 2,207,308	\$ 2,335,944	\$ 2,128,657	\$ 4,682,490	\$ 4,335,965

By far the largest portion of the County's net assets (76 percent) at December 31, 2005, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the 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 are not planned to be used to liquidate these liabilities.

An additional portion of the County's net assets (16 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$380,302,000) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. Growth in net assets is an indication the County's financial position has improved over 2004.

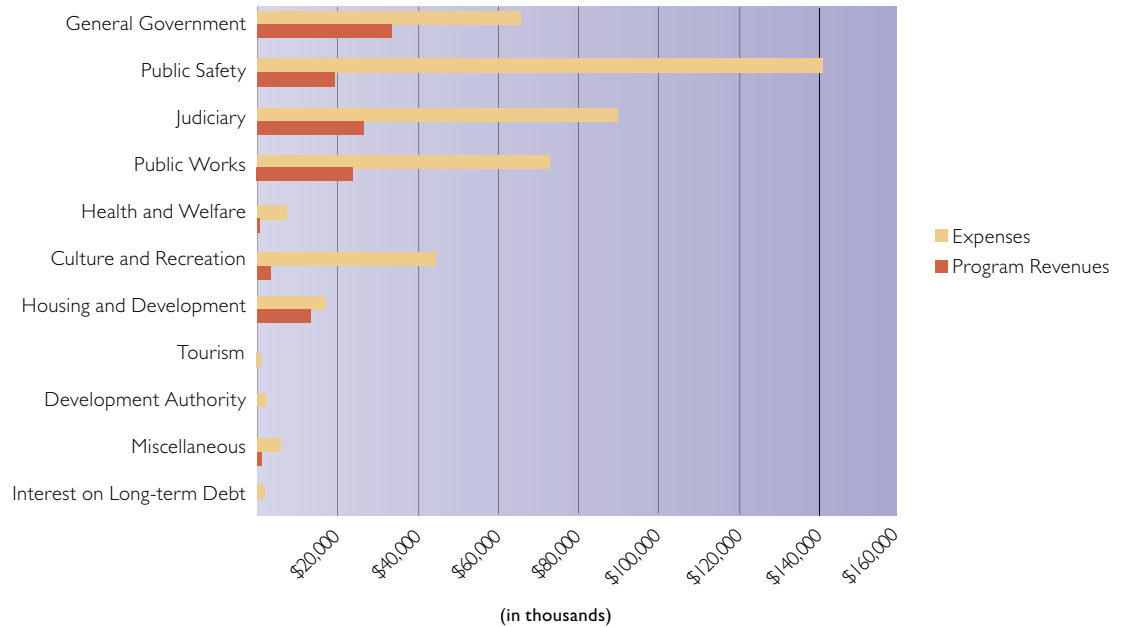
gwinnett county's changes in net assets (in thousands)

GWINNETT COUNTY'S CHANGES IN NET ASSETS (in thousands)

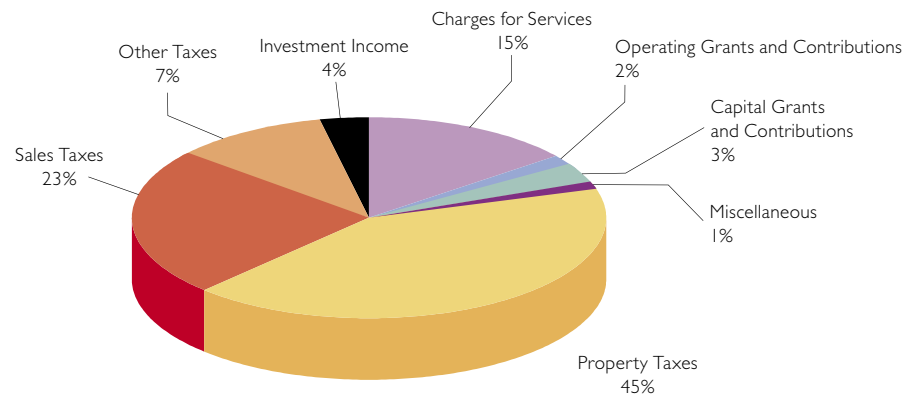
	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Revenues						
Program revenues:						
Charges for services	\$93,785	\$87,738	\$182,273	\$169,117	\$276,058	\$256,855
Operating grants and contributions	13,231	14,711	-	-	13,231	14,711
Capital grants and contributions	18,246	18,886	191,836	138,547	210,082	157,433
General revenues:						
Property taxes	277,441	259,363	-	-	277,441	259,363
Sales taxes	140,972	131,831	-	-	140,972	131,831
Other taxes	39,576	37,639	-	-	39,576	37,639
Investment income	24,561	12,768	5,694	2,782	30,255	15,550
Other	3,735	6,866	2,585	1,929	6,320	8,795
Total revenues	611,547	569,802	382,388	312,375	993,935	882,177
Expenses						
General government	65,846	60,789	-	-	65,846	60,789
Public safety	142,928	137,822	-	-	142,928	137,822
Judiciary	89,671	84,978	-	-	89,671	84,978
Public works	74,006	52,965	-	-	74,006	52,965
Health and welfare	7,495	11,328	-	-	7,495	11,328
Culture and recreation	44,069	39,166	-	-	44,069	39,166
Housing and development	17,244	16,845	-	-	17,244	16,845
Tourism	1,940	4,476	-	-	1,940	4,476
Development authority	2,182	2,169	-	-	2,182	2,169
Miscellaneous	4,676	3,536	-	-	4,676	3,536
Interest on long-term debt	2,397	3,794	-	-	2,397	3,794
Water and sewerage	-	-	156,557	144,853	156,557	144,853
Airport	-	-	1,716	1,490	1,716	1,490
Solid waste	-	-	347	524	347	524
Stormwater	-	-	22,617	20,959	22,617	20,959
Transit	-	-	13,719	11,391	13,719	11,391
Total expenses	452,454	417,868	194,956	179,217	647,410	597,085
Increase in net assets before transfers	159,093	151,934	187,432	133,158	346,525	285,092
Transfers	(19,855)	(22,520)	19,855	22,520	-	-
Increase in net assets	139,238	129,414	207,287	155,678	346,525	285,092
Net assets – January 1	2,207,308	2,077,894	2,128,657	1,972,979	4,335,965	4,050,873
Net assets – December 31	\$2,346,546	\$2,207,308	\$2,335,944	\$2,128,657	\$4,682,490	\$4,335,965

Governmental activities. Governmental activities increased the County's net assets by \$139,238,000 thereby accounting for 40 percent of the total growth in net assets.

Expenses and Program Revenues – Governmental Activities (FY 2005)



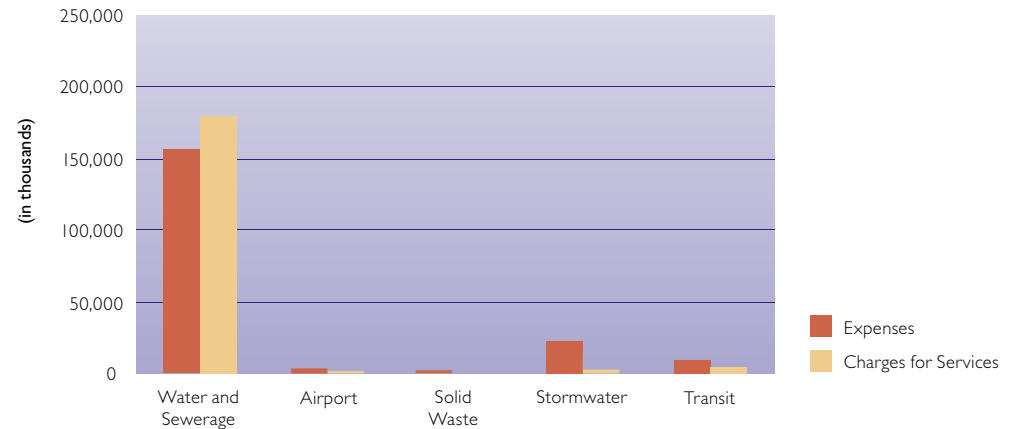
Revenue by Sources – Governmental Activities FY 2005



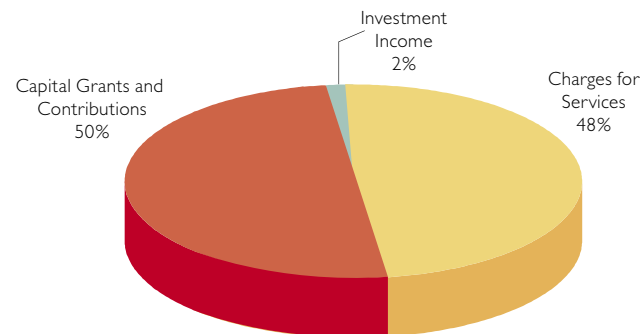
Business-type activities. Business-type activities increased the County's net assets by \$207,287,000 accounting for 60 percent of the total growth in the government's net assets. Key elements of this increase are as follows.

- The Water and Sewerage Fund reported an increase in net assets of \$182,393,000. The major contributing factors for this increase include operating income of \$48,909,000, capital contributions of \$155,710,000, (from system development fees and developer donations of capital assets), and net interest expense of \$26,367,000. Positive cash flows from operations are an integral component for expansion of the system's infrastructure assets
- The Stormwater Fund reported an increase in net assets of \$25,777,000. While the fund reported an actual loss of \$20,822,000, it was offset by transfers in of \$13,117,000 and capital contributions of \$33,482,000
- The Transit fund reported a decrease in net assets of \$1,972,000. This fund reported an operating loss of \$11,209,000, which was offset by transfers in of \$6,771,000, capital contributions of \$2,185,000, and interest income of \$281,000

**Expenses and Operating Revenues – Business-Type Activities
FY 2005**



**Revenues by Source – Business-Type Activities
FY 2005**



financial analysis of the government's funds

As noted earlier, the 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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$794,668,000, a decrease of \$51,316,000 in comparison with the prior year.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$130,340,000. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 45.8 percent of total general fund expenditures.

The fund balance of the County's general fund increased by \$32,262,000 during the current fiscal year. Key factors are as follows:

- Tax revenues increased approximately \$43,816,000 due to a six percent increase in the tax digest
- Operating expenditures increased approximately \$31,360,000 or 12 percent. The largest increases were in Public Safety (\$15 million or 20 percent) and transfer of the Fire Fund to the General Fund

The Other Capital Projects Fund accounts for the financial resources to be used for the purchase and construction of major capital facilities, other than those accounted for in specific funds. At the end of the current fiscal year, unreserved fund balance of the Other Capital Projects Fund was \$88,436,000, representing an increase of \$12,936,000 from 2004. Expenditures exceeded revenues by \$30,760,000 which was offset by a transfer in of \$23,250,000 and a transfer out of \$768,000.

The 1997 Sales Tax Fund accounts for the financial resources provided from the 1997 one percent special purpose local option sales tax. These resources, in compliance with a voter-approved initiative, must be used for road improvements, public safety, and parks and recreation. At the end of the 2005 fiscal year, the 1997 Sales Tax Fund reported an unreserved fund balance of \$145,096,000, a decrease of \$8,341,000 from 2004. Expenditures exceeded revenues by \$29,115,000. This decrease in fund balance is expected as the sales tax revenues for the fund ended in 2001, and expenditures are being incurred to complete capital projects.

The 2001 Sales Tax Fund accounts for the financial resources provided from the 2001 one percent special purpose local option sales tax. Such funds were approved by voter referendum for libraries, parks and recreation, public safety, and transportation projects. At the end of fiscal year 2005, the 2001 Sales Tax Fund reported an unreserved fund balance of \$257,221,000, a decrease of \$20,991,000 from 2004. Fund expenditures exceeded revenues by \$23,680,000 during 2005.

The 2005 Sales Tax Fund accounts for the financial resources provided from the 2005 one percent Special Purpose Local Option Sales Tax. Such funds were approved by voter referendum for libraries, parks and recreation, public safety, and transportation projects. At the end of the fiscal year 2005, the 2005 Sales Tax Fund reported an unreserved fund balance of \$73,503,000. Fund revenues exceeded expenditures by \$73,503,000. This increase in fund balance is typical in the early stages of a sales tax capital project fund.

The debt service fund has a total fund balance of \$21,003,000 as of December 31, 2005, all of which is reserved for the payment of debt service.

general fund budgetary highlights

capital asset and debt administration

Proprietary funds. The County's proprietary funds provide the same type of information found in the governmentwide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewerage fund at the end of the year amounted to \$122,426,000. The total growth in net assets was \$182,393,000. Other factors concerning the finances of this fund have already been addressed in the discussion of business-type activities.

Differences between the original budget and the final amended budget amount to a net increase in budgeted expenditures of \$4,123,000 and can be summarized as follows:

- Increase in general government activities – \$70,000
- Decrease in police services – \$547,000
- Increase in judiciary functions – \$10,053,000 (primarily due to transfer from inmate housing and medical reserves)
- Decrease in transportation – \$118,000
- Increase in correctional services – \$171,000
- Decrease in emergency services – \$17,000
- Increase in community services – \$58,000
- Net decrease in non-departmental appropriations – \$5,547,000 (Primarily due to transfer from inmate housing and medical reserves)

Capital assets. The County's investment in capital assets for its governmental and business type activities as of December 31, 2005, amounts to \$4,492,780,000 net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, and bridges.

**Gwinnett County's Capital Assets
(Net of Depreciation)
(in thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Land	\$358,084	\$370,450	\$59,852	\$62,681	\$417,936	\$433,131
Improvements	82,737	55,824	1,827,103	1,577,122	1,909,840	1,632,946
Buildings	321,209	286,902	456,683	222,093	777,892	508,995
Equipment	25,326	17,278	180,305	84,321	205,631	101,599
Vehicles and motorized equipment	14,401	15,495	15,074	16,896	29,475	32,391
Infrastructure (roads)	511,088	503,815	-	-	511,088	503,815
Construction in progress	279,774	184,974	361,144	729,585	640,918	914,559
Total	\$1,592,619	\$1,434,738	\$2,900,161	\$2,692,698	\$4,492,780	\$4,127,436

Governmental assets moved from construction in progress to the asset records during the year totaled approximately \$83 million. Major projects consisted of the following:

- SAP – \$12.5 million
- Mountain Park – \$10 million
- Shorty Howell Park – \$7.3 million
- Bay Creek Park – \$7.2 million
- Mall of Georgia Complex – \$5.5 million
- Suwanee Library – \$5.2 million

Business-type assets moved from construction in progress to the asset records during the year equaled approximately \$480 million. Major projects consisted of the following:

- F. Wayne Hill Water Treatment Plant – \$250.9 million
- Shoal Creek Water Treatment Plant – \$166.3 million
- Alcovy River PS/FM – \$16.5 million
- Upper Chattahoochee/Richland – \$14.3 million
- No Business Creek – \$11.6 million

Additional information on the County's capital assets can be found in Note 7 on pages 58 – 61 of this report.

Long-Term Debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$116,400,000 comprised of general obligation debt backed by the full faith and credit of the government. The County is obligated through an intergovernmental agreement for another \$830,993,000 in Water and Sewerage Authority Revenue Bonds. Debt service on these revenue bonds is paid from water and sewerage customer charges. The County is also obligated through an intergovernmental agreement for another \$10,915,000 in Recreation Authority Revenue Bonds. Debt service on these revenue bonds is paid from recreation user fees and charges. For both the Water and Sewer and the Recreation Revenue Bonds, the County would be required to pay the principal and interest on those bonds should operating revenues not be adequate. There has never been an occasion when operating revenues have not been sufficient to cover all such payments.

**Gwinnett County's Outstanding Debt
General Obligation and Revenue Bonds
(in thousands)**

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
General obligation bonds	\$116,400	\$125,965	\$ -	\$ -	\$116,400	\$125,965
Revenue bonds	10,915	12,725	830,993	842,346	841,908	855,071
Total	\$127,315	\$138,690	\$830,993	\$842,346	\$958,308	\$981,036

The County's total long term obligations decreased by \$22,728,000 during the current fiscal year due to debt payouts in 2005, and defeasement of prior issued debt (see Note 8 for details).

The County maintains a Aaa/AAA credit rating from each of the three rating agencies that review public sector debt. Additional information regarding Gwinnett County's long-term debt can be found in Note 8 on pages 61 – 70 of this report.

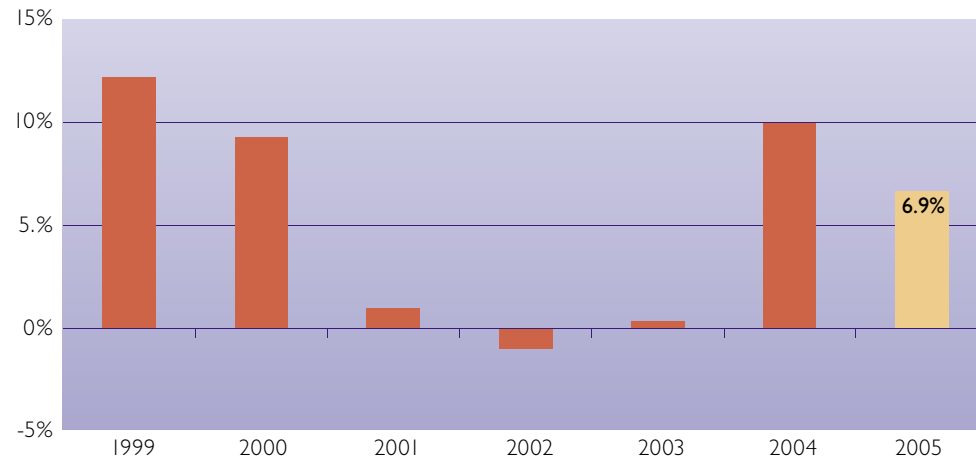
State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the County is \$2,380,326,000 which is significantly in excess of the County's net outstanding general obligation debt of \$95,397,000.

The economic outlook for Gwinnett County in 2006 is generally positive. Consider the following:

- With respect to Tourism, the number of room-nights grew 6.9 percent in 2005
- Single family housing permits were up 1.7 percent
- SPLOST revenue grew 6.9 percent in 2005 as a result of continued pent-up demand and population growth
- The Real Property Tax Digest continues to grow. The County has rolled back the millage rate with the passage of the last two SPLOST programs a total of two mills. These reductions remain in effect and when combined with rollbacks to offset property value updates, the County has reduced the millage rate a total of 3.48 mills since 1996 – almost 23 percent of the total County millage. This includes the addition of .25 mill in 2003 for the voter-approved \$75 million in general obligation bonds to fund the jail expansion

**economic factors
and next year's
budgets and rates**

SPLOST Revenue Growth

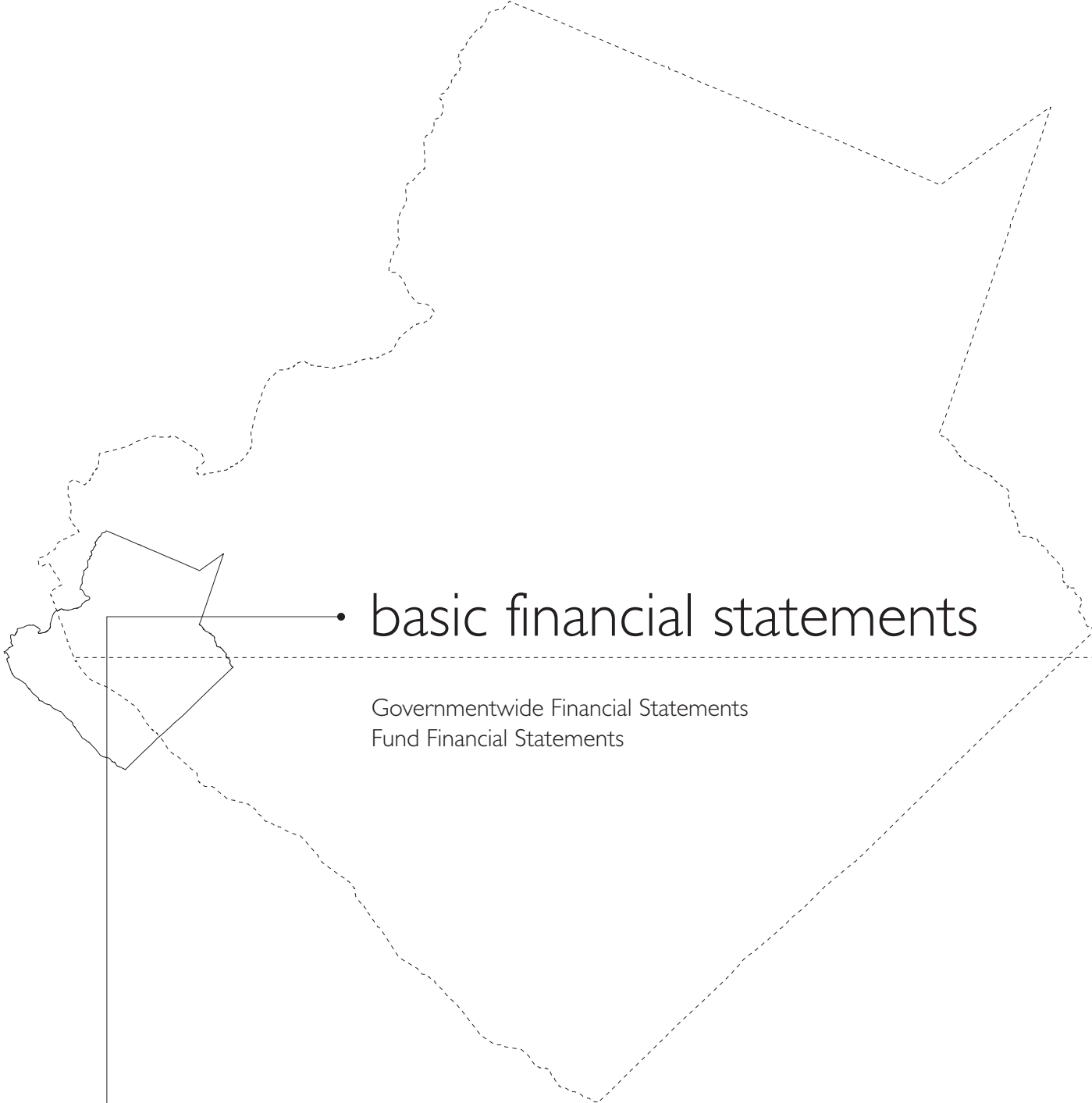


All of these factors were taken into consideration when preparing the 2006 budget. Increased health care and pension benefits costs, plus the future impact of several capital facilities are all imposing significant impacts on the County's budget. To balance these forces, the 2006 budget process has taken a careful and conservative approach to funding the County's needs.

requests for information

This financial report is designed to provide a general overview of the 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 information should be addressed to the Director of Financial Services, Gwinnett County, 75 Langley Drive, Lawrenceville GA 30045.

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• basic financial statements

Governmentwide Financial Statements
Fund Financial Statements

statement of net assets
december 31, 2005
 (in thousands of dollars)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS:				
Cash and cash equivalents	\$ 561,043	59,037	620,080	14,180
Accrued interest receivable	-	-	-	6
Investments	325,731	-	325,731	-
Receivables, net of allowance	50,279	24,071	74,350	53
Internal balances	185	(185)	-	-
Due from other governments	25,203	-	25,203	589
Due from primary government	-	-	-	174
Due from component unit	3,310	-	3,310	-
Inventories	1,863	3,295	5,158	34
Prepays	13,467	1,142	14,609	-
Net pension asset	60,364	-	60,364	-
Lease receivable from primary government	-	-	-	65,000
Restricted assets:				
Cash and cash equivalents	-	63,716	63,716	-
Investments	-	165,664	165,664	-
Debt issuance costs	453	2,725	3,178	438
Other assets	-	973	973	-
Capital assets				
Land and construction in progress	637,858	420,996	1,058,854	2,909
Other capital assets, net of depreciation	954,761	2,479,165	3,433,926	2,434
Total assets	<u>2,634,517</u>	<u>3,220,599</u>	<u>5,855,116</u>	<u>85,817</u>
LIABILITIES:				
Accounts payable	51,696	19,455	71,151	1,453
Retainage payable	-	9,378	9,378	-
Other accrued payables	10,169	129	10,298	374
Accrued pension	6,077	-	6,077	-
Customer deposits	-	6,574	6,574	-
Accrued interest payable	2,054	11,989	14,043	-
Due to others	434	333	767	-
Due to other governments	-	-	-	111
Due to component units	174	-	174	-
Unearned revenue	-	131	131	-
Noncurrent liabilities:				
Due within one year	32,728	30,740	63,468	1,910
Due in more than one year	184,639	805,926	990,565	69,423
Total liabilities	<u>287,971</u>	<u>884,655</u>	<u>1,172,626</u>	<u>73,271</u>
NET ASSETS:				
Invested in capital assets, net of related debt	1,398,909	2,155,024	3,553,933	347
Restricted for:				
Capital projects	576,961	-	576,961	-
Debt service	21,003	26,364	47,367	-
Other purposes	123,927	-	123,927	6,815
Unrestricted	225,746	154,556	380,302	5,384
Total net assets	<u>\$ 2,346,546</u>	<u>2,335,944</u>	<u>4,682,490</u>	<u>12,546</u>

The notes to the financial statements are an integral part of this statement.

comprehensive annual financial report 05 gwinnettcounty

statement of activities year ended december 31, 2005 (in thousands of dollars)

Functions/Programs	Program Revenues					Net (Expenses) Revenue and Changes in Net Assets			
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
						Governmental Activities	Business-Type Activities	Total	
Primary Government:									
Governmental Activities:									
General government	\$ 74,387	(8,541)	33,725	2,327	313	(29,481)	-	(29,481)	-
Public safety	140,845	2,083	18,502	1,189	88	(123,149)	-	(123,149)	-
Judiciary	89,671	-	22,912	3,720	-	(63,039)	-	(63,039)	-
Public works	73,988	18	5,837	1,115	16,521	(50,533)	-	(50,533)	-
Health and welfare	7,495	-	67	-	34	(7,394)	-	(7,394)	-
Culture and recreation	43,087	982	3,651	258	7	(40,153)	-	(40,153)	-
Housing and development	17,244	-	9,091	3,986	1,283	(2,884)	-	(2,884)	-
Tourism	1,940	-	-	-	-	(1,940)	-	(1,940)	-
Development Authority	2,182	-	-	-	-	(2,182)	-	(2,182)	-
Miscellaneous	4,676	-	-	636	-	(4,040)	-	(4,040)	-
Interest on long-term debt	2,397	-	-	-	-	(2,397)	-	(2,397)	-
Total Governmental Activities	<u>457,912</u>	<u>(5,458)</u>	<u>93,785</u>	<u>13,231</u>	<u>18,246</u>	<u>(327,192)</u>	<u>-</u>	<u>(327,192)</u>	<u>-</u>
Business-Type Activities:									
Water and Sewer	151,486	5,071	178,105	-	155,710	-	177,258	177,258	-
Airport	1,649	67	626	-	459	-	(631)	(631)	-
Solid Waste	342	5	-	-	-	-	(347)	(347)	-
Stormwater	22,317	300	991	-	33,482	-	11,856	11,856	-
Transit	13,704	15	2,551	-	2,185	-	(8,983)	(8,983)	-
Total Business Type Activities	<u>189,498</u>	<u>5,458</u>	<u>182,273</u>	<u>-</u>	<u>191,836</u>	<u>-</u>	<u>179,153</u>	<u>179,153</u>	<u>-</u>
Total Primary Government	<u>\$ 647,410</u>	<u>-</u>	<u>276,058</u>	<u>13,231</u>	<u>210,082</u>	<u>(327,192)</u>	<u>179,153</u>	<u>(148,039)</u>	<u>-</u>
Component Units	<u>\$ 39,487</u>	<u>-</u>	<u>7,472</u>	<u>30,462</u>	<u>38</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,515)</u>
General revenues:									
Property taxes						\$ 277,441	-	277,441	-
Sales taxes						140,972	-	140,972	-
Other taxes						39,576	-	39,576	-
Investment income						24,561	5,694	30,255	2,306
Miscellaneous						3,735	2,585	6,320	65
Total general revenues						486,285	8,279	494,564	2,371
Transfers						(19,855)	19,855	-	-
Total general revenues and transfers						466,430	28,134	494,564	2,371
Change in net assets						139,238	207,287	346,525	856
Net Assets						2,207,308	2,128,657	4,335,965	11,690
Net Assets - ending						<u>\$ 2,346,546</u>	<u>2,335,944</u>	<u>4,682,490</u>	<u>12,546</u>

The notes to the financial statements are an integral part of this statement.

**governmental funds
balance sheet
december 31, 2005
(in thousands of dollars)**

	General	Other Capital Projects	1997 Sales Tax	2001 Sales Tax	2005 Sales Tax	Other Governmental Funds	Total
ASSETS:							
Cash and cash equivalents	\$ 130,105	57,296	40,887	140,423	29,150	85,187	483,048
Investments	20,325	36,842	110,030	129,010	25,031	4,493	325,731
Receivables, net of allowance:	-	-	-	-	-	-	-
Taxes	18,125	-	-	-	24,848	2,330	45,303
Accounts	2,637	75	18	164	-	1,626	4,520
Due from other funds	649	-	2,235	287	-	9	3,180
Due from other governments	21,466	-	-	-	-	1,725	23,191
Due from component unit	-	-	-	-	-	3,310	3,310
Inventories	1,237	-	-	-	-	100	1,337
Prepaid items	1,564	-	-	-	-	11,901	13,465
Total assets	\$ 196,108	94,213	153,170	269,884	79,029	110,681	903,085
LIABILITIES AND FUND BALANCES:							
Accounts payable	\$ 8,451	5,747	7,230	12,601	5,526	7,589	47,144
Payroll payable	7,212	-	-	-	-	-	7,212
Other accrued	1,704	30	176	37	-	1,010	2,957
Accrued pension	6,073	-	-	2	-	2	6,077
Due to other funds	-	-	668	23	-	2,500	3,191
Due to others	434	-	-	-	-	-	434
Due to component unit	-	-	-	-	-	174	174
Deferred revenue	39,093	-	-	-	-	2,135	41,228
Total liabilities	62,967	5,777	8,074	12,663	5,526	13,410	108,417
Fund balances:							
Reserved for inventories	1,237	-	-	-	-	100	1,337
Reserved for prepaid items	1,564	-	-	-	-	11,901	13,465
Reserved for long term receivable	-	-	-	-	-	3,310	3,310
Total reserved fund balances	2,801	-	-	-	-	15,311	18,112
Unreserved:							
Designated for special revenue funds	-	-	-	-	-	60,145	60,145
Designated for capital project funds	-	88,436	145,096	257,221	73,503	12,705	576,961
Designated for debt service funds	-	-	-	-	-	9,110	9,110
Designated for operating stability	74,203	-	-	-	-	-	74,203
Undesignated	56,137	-	-	-	-	-	56,137
Total unreserved fund balances	130,340	88,436	145,096	257,221	73,503	81,960	776,556
Total fund balances	133,141	88,436	145,096	257,221	73,503	97,271	794,668
Total liabilities and equity	\$ 196,108	94,213	153,170	269,884	79,029	110,681	903,085

The notes to the financial statements are an integral part of this statement.

reconciliation of the balance sheet to the statement of net assets governmental funds december 31, 2005 (in thousands of dollars)

Fund balances - total governmental funds	\$	794,668	
Amounts reported for governmental activities in the statement of net assets are different because:			
Net pension asset is not recorded on the fund financial statements			60,364
Capital assets are not reported in fund statements			
Capital assets used in government activities are not financial resources and therefore are not reported in the government funds	1,585,664		
Capital assets used in Internal service funds are reported in the governmental activities column of the government wide statement of net assets	<u>6,955</u>	1,592,619	
Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds			
Deferred issuance costs			453
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the governmental funds			
Revenue bonds	(10,915)		
General obligation bonds payable	(116,400)		
Premiums	(980)		
Unamortized loss on early refunding	1,185		
Lease payable to component unit	(65,000)		
Accrued leave	(11,164)		
Estimated claims payable	<u>(14,093)</u>	(217,367)	
Revenue deferred in the governmental funds due to availability criteria is susceptible to full accrual on the government wide statements			
Property tax	19,026		
Insurance premium tax	21,466		
Other	736		41,228
Interest payable on long term debt is not accrued in the fund statements			(2,048)
Interest payable on capital lease to component unit is not accrued in the fund statements			(6)
Internal service funds are used to charge the cost of group insurance, risk management and fleet management services to individual funds. Assets and liabilities of these funds are included in governmental activities in the statement of net assets.			
Internal service funds net assets	69,159		
Less capital assets already accounted for above	(6,955)		
Plus accrued leave already accounted for above	162		
Plus claims payable already accounted for above	14,093		
Plus amount due from Enterprise Funds	<u>176</u>	<u>76,635</u>	
Net assets of governmental activities	\$	<u><u>2,346,546</u></u>	

The notes to the financial statements are an integral part of this statement.

comprehensive annual financial report **05** gwinnettcounty

governmental funds statement of revenues, expenditures, and changes in fund balances year ended december 31, 2005 (in thousands of dollars)

	General	Other Capital Projects	1997 Sales Tax	2001 Sales Tax	2005 Sales Tax	Other Governmental Funds	Total
REVENUES:							
Taxes	\$ 262,647	-	-	33,162	107,809	39,144	442,762
Permits and licenses	22,311	-	-	-	-	279	22,590
Intergovernmental	4,691	1,884	547	285	516	9,696	17,619
Charges for Services	37,393	-	-	-	-	18,382	55,775
Fines and Forfeitures	10,943	-	-	-	-	1,402	12,345
Investment income	4,755	-	4,123	7,829	735	4,371	21,813
Change in fair market value of investments	(37)	402	83	487	(43)	11	903
Miscellaneous	3,833	574	65	285	15	1,489	6,261
Total revenues	<u>346,536</u>	<u>2,860</u>	<u>4,818</u>	<u>42,048</u>	<u>109,032</u>	<u>74,774</u>	<u>580,068</u>
EXPENDITURES:							
Current operating:							
General government	58,093	-	-	-	-	24	58,117
Public Safety	83,343	-	-	-	-	55,542	138,885
Judiciary	90,731	-	-	-	-	1,327	92,058
Public Works	14,858	-	-	-	-	5,198	20,056
Health & Welfare	7,497	-	-	-	-	63	7,560
Culture and Recreation	17,480	-	-	-	-	21,111	38,591
Housing and Development	11,907	-	-	-	-	-	11,907
Miscellaneous	551	-	-	-	-	-	551
Tourism	-	-	-	-	-	1,940	1,940
Development authority	-	-	-	-	-	2,182	2,182
Grant programs	-	-	-	-	-	6,620	6,620
Capital outlay	137	33,620	33,933	65,728	35,529	50,344	219,291
Debt service	-	-	-	-	-	13,771	13,771
Total expenditures	<u>284,597</u>	<u>33,620</u>	<u>33,933</u>	<u>65,728</u>	<u>35,529</u>	<u>158,122</u>	<u>611,529</u>
Revenues in excess of (less than) expenditures	<u>61,939</u>	<u>(30,760)</u>	<u>(29,115)</u>	<u>(23,680)</u>	<u>73,503</u>	<u>(83,348)</u>	<u>(31,461)</u>
OTHER FINANCING SOURCES (USES):							
Transfers in	4,333	23,250	2,214	252	-	991	31,040
Transfers out	(34,010)	(768)	(645)	-	-	(15,472)	(50,895)
Other financing sources (uses), net	<u>(29,677)</u>	<u>22,482</u>	<u>1,569</u>	<u>252</u>	<u>-</u>	<u>(14,481)</u>	<u>(19,855)</u>
Net change in fund balances	32,262	(8,278)	(27,546)	(23,428)	73,503	(97,829)	(51,316)
Fund balance - January 1	<u>100,879</u>	<u>96,714</u>	<u>172,642</u>	<u>280,649</u>	<u>-</u>	<u>195,100</u>	<u>845,984</u>
Fund balance - December 31	<u>\$ 133,141</u>	<u>88,436</u>	<u>145,096</u>	<u>257,221</u>	<u>73,503</u>	<u>97,271</u>	<u>794,668</u>

The notes to the financial statements are an integral part of this statement.

**reconciliation of the statement
of revenues, expenditures,
and changes in fund balances
of governmental funds to
statement of activities
december 31, 2005
(in thousands of dollars)**

Net change in fund balances - total governmental funds		(51,316)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays reported in the governmental funds exceed depreciation expense recorded in the statement of activities as follows:		
Capital Expenditures - General	219,291	
Capital Expenditures reclassified as expense	(41,236)	
Depreciation Expense - General Capital Assets	(31,356)	
Adjustment		146,699
Contributions of capital assets are not recorded in governmental funds		14,446
The loss on disposition of capital assets is not reported in the fund statements		(3,417)
Retirement of debt is reported as an expenditure in the fund statements but represents a reduction of liability balances on the government-wide statement of net assets.		11,375
The current years addition to the net pension asset creates a balance sheet item while reducing net expenses of pensionable functions on the government wide statements		6,085
Issuance costs, accounting loss on defeasance of debt and premium on bonds payable are reported as expenditures or reduction of related expenditures on the fund statements, but are recorded as deferred charges or premiums on the accrual based government-wide statements and amortized as follows:		
Amortization of deferred issuance costs		(91)
Amortization of deferred loss on defeasance		(447)
Amortization of deferred premium(discount) on bonds		236
Accrued interest payable is not included on the fund financial statements		301
Internal Service funds are used to charge the cost of insurance and fleet activities to individual funds. A part of the net revenue (expense) of the internal service funds is reported with governmental activities.		663
Accrued expenses related to compensated absences are not reported in the fund statements		(523)
Some revenue earned is deferred in the governmental funds due to availability criteria.		15,227
Change in net assets of governmental activities		<u>\$ 139,238</u>

The notes to the financial statements are an integral part of this statement.

comprehensive annual financial report 05 **gwinnett**county

**general fund
statement of revenues,
expenditures, and changes
in fund balance – budget and
actual (budget basis)
year ended december 31, 2005
(in thousands of dollars)**

	Original Budget	Final Budget	Actual (non-GAAP budget basis)	Variance-positive (negative)
REVENUES:				
Taxes	\$ 270,709	267,723	262,647	(5,076)
Permits and licenses	17,756	18,256	22,311	4,055
Intergovernmental	5,058	5,881	4,691	(1,190)
Charges for Services	26,023	36,634	37,393	759
Fines and Forfeitures	21,369	10,648	10,943	295
Investment income	1,273	4,729	4,755	26
Miscellaneous	8,102	9,790	3,833	(5,957)
Total revenues	<u>350,290</u>	<u>353,661</u>	<u>346,573</u>	<u>(7,088)</u>
EXPENDITURES:				
Current operating:				
General government:				
County administration	1,581	1,777	1,752	25
Internal audit	861	857	848	9
Law	1,598	1,522	1,472	50
Support services	31,387	31,561	31,134	427
Financial services	11,993	11,979	11,713	266
Human resources	3,402	3,552	3,517	35
Tax commissioner	7,867	7,774	7,694	80
Total general government	<u>58,689</u>	<u>59,022</u>	<u>58,130</u>	<u>892</u>
Public safety:				
Police services	63,164	62,617	61,274	1,343
Correctional services	11,628	11,799	11,541	258
Fire and emergency services	9,935	9,918	9,849	69
Total public safety	<u>84,727</u>	<u>84,334</u>	<u>82,664</u>	<u>1,670</u>
Judiciary:				
Courts	31,366	32,969	32,269	700
District attorney	6,127	6,179	6,096	83
Medical examiner	669	669	669	-
Probation	105	105	81	24
Sheriff	40,645	49,047	49,013	34
Solicitor	3,477	3,473	3,396	77
Total judiciary	<u>82,389</u>	<u>92,442</u>	<u>91,524</u>	<u>918</u>
Public Works				
Health & Welfare:	15,942	15,824	15,698	126
Physical health	1,615	1,615	1,615	-
Indigent medical care	500	500	500	-
Various subsidized agencies	1,979	1,979	1,901	78
General community services	4,566	4,566	4,483	83
Total health & welfare	<u>8,660</u>	<u>8,660</u>	<u>8,499</u>	<u>161</u>
Culture & recreation:				
Library	16,029	16,087	16,087	-
Total culture & recreation	<u>16,029</u>	<u>16,087</u>	<u>16,087</u>	<u>-</u>
Housing & development:				
Planning and development	11,082	10,819	10,607	212
Various subsidized agencies	678	678	678	-
Total housing & development	<u>11,760</u>	<u>11,497</u>	<u>11,285</u>	<u>212</u>
Miscellaneous	14,326	8,779	710	8,069
Total expenditures	<u>292,522</u>	<u>296,645</u>	<u>284,597</u>	<u>12,048</u>
Revenues in excess of expenditures	<u>57,768</u>	<u>57,016</u>	<u>61,976</u>	<u>4,960</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	4,333	4,333	4,333	-
Transfers out	(34,010)	(34,010)	(34,010)	-
Other financing sources (uses), net	<u>(29,677)</u>	<u>(29,677)</u>	<u>(29,677)</u>	<u>-</u>
Revenues and other financing sources less than expenditures and other financing uses	28,091	27,339	32,299	4,960
Fund balance allocation	(28,091)	(27,339)	-	27,339
Fund balance - January 1	-	-	97,722	97,722
Fund balance - December 31	<u>\$ -</u>	<u>-</u>	<u>130,021</u>	<u>130,021</u>

The notes to the financial statements are an integral part of this statement.

**proprietary funds
statement of net assets
december 31, 2005
(in thousands of dollars)**

	Enterprise Funds				
	Water and Sewerage	Storm Water	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ 25,445	17,194	16,398	59,037	77,995
Receivables, net of allowance:					
Accounts	22,123	602	1,346	24,071	456
Due from other funds	-	-	1	1	21
Due from other governments	-	-	-	-	2,012
Inventories	3,295	-	-	3,295	526
Prepaid items	1,134	8	-	1,142	2
Total current assets	<u>51,997</u>	<u>17,804</u>	<u>17,745</u>	<u>87,546</u>	<u>81,012</u>
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	63,716	-	-	63,716	-
Investments	165,664	-	-	165,664	-
Total restricted assets	<u>229,380</u>	<u>-</u>	<u>-</u>	<u>229,380</u>	<u>-</u>
Land and Construction in progress	402,215	5,642	13,139	420,996	-
Other capital assets, net of depreciation	2,086,865	361,160	31,140	2,479,165	6,955
Debt issuance costs	2,725	-	-	2,725	-
Other assets	973	-	-	973	-
Total noncurrent assets	<u>2,722,158</u>	<u>366,802</u>	<u>44,279</u>	<u>3,133,239</u>	<u>6,955</u>
Total assets	<u>2,774,155</u>	<u>384,606</u>	<u>62,024</u>	<u>3,220,785</u>	<u>87,967</u>
LIABILITIES:					
Current liabilities:					
Accounts payable	16,579	2,035	841	19,455	4,552
Retainage payable	9,297	48	33	9,378	-
Other accrued	107	-	22	129	-
Estimated claims payable-current	-	-	-	-	9,289
Due to other funds	1	-	9	10	1
Due to others	255	78	-	333	-
Notes payable-current	444	-	-	444	-
Deferred revenue	131	-	-	131	-
Total current liabilities	<u>26,814</u>	<u>2,161</u>	<u>905</u>	<u>29,880</u>	<u>13,842</u>
Noncurrent liabilities:					
Payable from restricted assets:					
Customer deposits	6,574	-	-	6,574	-
Accrued interest	11,989	-	-	11,989	-
Revenue bonds payable-current	28,970	-	-	28,970	-
Total payable from restricted assets	<u>47,533</u>	<u>-</u>	<u>-</u>	<u>47,533</u>	<u>-</u>
Notes payable	1,791	-	-	1,791	-
Revenue bonds payable	804,019	-	-	804,019	-
Estimated claims payable-noncurrent	-	-	-	-	4,804
Accumulated leave benefits	1,265	147	30	1,442	162
Total noncurrent liabilities	<u>807,075</u>	<u>147</u>	<u>30</u>	<u>807,252</u>	<u>4,966</u>
Total liabilities	<u>881,422</u>	<u>2,308</u>	<u>935</u>	<u>884,665</u>	<u>18,808</u>
NET ASSETS:					
Invested in capital assets, net of related debt	1,743,943	366,802	44,279	2,155,024	6,955
Restricted for debt service	26,364	-	-	26,364	-
Unrestricted	122,426	15,496	16,810	154,732	62,204
Total net assets	<u>\$ 1,892,733</u>	<u>382,298</u>	<u>61,089</u>	<u>2,336,120</u>	<u>69,159</u>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds.				\$ (176)	
Net assets of business type activities				<u>2,335,944</u>	

The notes to the financial statements are an integral part of this statement.

**proprietary funds
statement of revenues,
expenses, and changes
in fund net assets
year ended december 31, 2005
(in thousands of dollars)**

	Enterprise Funds			Total	Internal Service Funds
	Water and Sewerage	Stormwater	Other Enterprise Funds		
OPERATING REVENUES:					
Residential and commercial service	\$ 170,187	-	-	170,187	-
Wholesale service	4,711	-	-	4,711	-
Public fire protection charges	412	-	-	412	-
Connection charges	2,795	-	-	2,795	-
Operating lease income and rental income from individual hangars	-	-	193	193	-
Charges to other funds	-	-	-	-	55,252
Employee contributions	-	-	-	-	7,400
Intergovernmental	-	991	433	1,424	-
User fees and charges	-	-	2,551	2,551	-
Miscellaneous	1,462	197	1,558	3,217	343
Total operating revenues	<u>179,567</u>	<u>1,188</u>	<u>4,735</u>	<u>185,490</u>	<u>62,995</u>
OPERATING EXPENSES:					
Water production	13,238	-	-	13,238	-
Distribution and collection	27,174	-	-	27,174	-
Engineering	7,164	-	-	7,164	-
Reclamation	24,835	-	-	24,835	-
Vehicle maintenance and repair	-	-	-	-	7,119
Benefit claims	-	-	-	-	41,236
Insurance premiums	-	-	-	-	5,447
Depreciation and amortization	46,277	13,540	4,553	64,370	3,597
Transit operations	-	-	10,405	10,405	-
General and administrative	11,970	9,129	880	21,979	6,162
Total operating expenses	<u>130,658</u>	<u>22,669</u>	<u>15,838</u>	<u>169,165</u>	<u>63,561</u>
Operating income (loss)	<u>48,909</u>	<u>(21,481)</u>	<u>(11,103)</u>	<u>16,325</u>	<u>(566)</u>
NONOPERATING REVENUES (EXPENSES):					
Interest income	6,742	664	457	7,863	1,845
Investment Income (loss)	(2,169)	-	-	(2,169)	-
Interest expense	(26,367)	-	-	(26,367)	-
Gain (loss) on disposal of capital assets	(628)	(5)	1	(632)	(40)
Total nonoperating revenues (expenses)	<u>(22,422)</u>	<u>659</u>	<u>458</u>	<u>(21,305)</u>	<u>1,805</u>
Income (loss) before transfers and contributions	<u>26,487</u>	<u>(20,822)</u>	<u>(10,645)</u>	<u>(4,980)</u>	<u>1,239</u>
Capital contributions	155,710	33,482	2,644	191,836	-
Transfers in	196	13,117	6,771	20,084	-
Transfers out	-	-	(229)	(229)	-
Change in net assets	<u>182,393</u>	<u>25,777</u>	<u>(1,459)</u>	<u>206,711</u>	<u>1,239</u>
Net Assets - January 1,	<u>1,710,340</u>	<u>356,521</u>	<u>62,548</u>		<u>67,920</u>
Net Assets - December 31	<u>\$ 1,892,733</u>	<u>382,298</u>	<u>61,089</u>		<u>69,159</u>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds				<u>576</u>	
Change in net assets of business type activities				<u>\$ 207,287</u>	

The notes to the financial statements are an integral part of this statement.

**proprietary funds
statement of cash flows
year ended december 31, 2005
(in thousands of dollars)**

	Enterprise Funds				
	Water and Sewerage	Stormwater	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities:					
Cash received from customers	\$ 181,298	1,183	4,089	186,570	63,441
Cash payments to suppliers for goods and services	(61,134)	(5,072)	(10,836)	(77,042)	(7,557)
Cash payments to employees for services	(35,053)	(2,903)	(545)	(38,501)	(4,049)
Claims and premiums paid	-	-	-	-	(46,613)
Net cash flows provided/(required) by operating activities	<u>85,111</u>	<u>(6,792)</u>	<u>(7,292)</u>	<u>71,027</u>	<u>5,222</u>
Cash flows from noncapital financial activities:					
Transfers (to) / from other funds	196	13,117	6,542	19,855	-
Net cash provided/(required) by noncapital activities	<u>196</u>	<u>13,117</u>	<u>6,542</u>	<u>19,855</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(108,877)	(10,157)	(809)	(119,843)	(4,035)
Proceeds from disposal of capital assets	796	-	-	796	-
Principal payments - revenue bonds	(22,471)	-	-	(22,471)	-
Proceeds from bond offering	249,462	-	-	249,462	-
Defeasance of revenue bonds	(248,482)	-	-	(248,482)	-
Principal payments - notes payable	(428)	-	-	(428)	-
Payment of bond issuance costs	(137)	-	-	(137)	-
Interest paid	(27,503)	-	-	(27,503)	-
Capital contributed by others	35,315	-	2,644	37,959	-
Net cash provided/(required) by capital and related financing activities	<u>(122,325)</u>	<u>(10,157)</u>	<u>1,835</u>	<u>(130,647)</u>	<u>(4,035)</u>
Cash flows from investing activities:					
Net change in investments in pools	(109,734)	-	-	(109,734)	3,938
Interest on investments	4,573	664	458	5,695	1,845
Net cash provided/(required) by investing activities	<u>(105,161)</u>	<u>664</u>	<u>458</u>	<u>(104,039)</u>	<u>5,783</u>
Net increase (decrease) in cash and cash equivalents	(142,179)	(3,168)	1,543	(143,804)	6,970
Cash and cash equivalents at beginning of year	231,340	20,362	14,855	266,557	71,025
Cash and cash equivalents at end of year	\$ <u>89,161</u>	<u>17,194</u>	<u>16,398</u>	<u>122,753</u>	<u>77,995</u>
Reconciliation of operating income to net cash provided by operating activities:					
Cash flows from operating activities:					
Operating income (loss)	\$ 48,909	(21,481)	(11,103)	16,325	(566)
Adjustments to reconcile operating income (loss) to net cash provided/(required) by operating activities					
Depreciation and amortization	46,277	13,540	4,553	64,370	3,597
Change in assets and liabilities:					
(Increase) decrease in receivables	548	2,075	(645)	1,978	705
(Increase) decrease in inventories	408	-	-	408	(513)
(Increase) decrease in prepaid items	(1,062)	(8)	-	(1,070)	-
Increase (decrease) in payables	(9,511)	(1,154)	(109)	(10,774)	2,106
Increase (decrease) in other liabilities	(1,783)	236	12	(1,535)	(107)
Increase (decrease) in due to other funds	(167)	-	-	(167)	-
Increase (decrease) in due to others	255	-	-	255	-
Increase (decrease) in deferred revenue	(68)	-	-	(68)	-
Increase (decrease) in customer deposits	1,251	-	-	1,251	-
Increase (decrease) in accumulated leave benefits	54	-	-	54	-
Net cash provided/(required) by operating activities	\$ <u>85,111</u>	<u>(6,792)</u>	<u>(7,292)</u>	<u>71,027</u>	<u>5,222</u>
Non cash capital contributed by others	\$ 120,395	33,482	-	153,877	-

The notes to the financial statements are an integral part of this statement.

**agency funds statement of
fiduciary – assets and liabilities
december 31, 2005
(in thousands of dollars)**

ASSETS:

Cash and cash equivalents	\$ 40,440
Taxes receivable	<u>40,020</u>
Total	\$ <u>80,460</u>

LIABILITIES:

Due to others	\$ <u>80,460</u>
Total	\$ <u>80,460</u>

The notes to the financial statements are an integral part of this statement

**component units
combining statement
of net assets
december 31, 2005
(in thousands of dollars)**

	Public Library	Golf Course Commission	Development Authority	Health Department	Total
ASSETS:					
Current Assets:					
Cash and cash equivalents	\$ 4,895	\$ 120	\$ 642	\$ 8,523	\$ 14,180
Accrued interest receivable	-	-	6	-	6
Receivables, net of allowance	42	-	-	11	53
Due from primary govt	-	-	174	-	174
Due from other governments	-	-	-	589	589
Inventories	-	34	-	-	34
Total current assets	<u>4,937</u>	<u>154</u>	<u>822</u>	<u>9,123</u>	<u>15,036</u>
Non-current Assets:					
Restricted assets:					
Lease receivable from primary government	-	-	65,000	-	65,000
Capital assets					
Land and construction in progress	-	2,909	-	-	2,909
Other capital assets, net of depreciation	515	1,581	-	338	2,434
Debt issuance costs	-	-	438	-	438
Total noncurrent assets	<u>515</u>	<u>4,490</u>	<u>65,438</u>	<u>338</u>	<u>70,781</u>
Total assets	<u>5,452</u>	<u>4,644</u>	<u>66,260</u>	<u>9,461</u>	<u>85,817</u>
LIABILITIES:					
Current Liabilities:					
Accounts Payable	332	84	174	863	1,453
Due to other governments	-	-	-	111	111
Accrued salaries & related payments	374	-	-	-	374
Total current liabilities	<u>706</u>	<u>84</u>	<u>174</u>	<u>974</u>	<u>1,938</u>
Noncurrent Liabilities:					
Due within one year	86	79	1,405	340	1,910
Due in more than one year	727	4,918	63,595	183	69,423
Total noncurrent liabilities	<u>813</u>	<u>4,997</u>	<u>65,000</u>	<u>523</u>	<u>71,333</u>
Total liabilities	<u>1,519</u>	<u>5,081</u>	<u>65,174</u>	<u>1,497</u>	<u>73,271</u>
NET ASSETS:					
Invested in capital assets, net of related debt	515	(506)	-	338	347
Restricted - other	-	-	-	6,815	6,815
Unrestricted	3,418	69	1,086	811	5,384
Total net assets (deficit)	<u>\$ 3,933</u>	<u>\$ (437)</u>	<u>\$ 1,086</u>	<u>\$ 7,964</u>	<u>\$ 12,546</u>

The notes to the financial statements are an integral part of this statement.

**component units
combining statement
of activities
year ended december 31, 2005
(in thousands of dollars)**

	Expenses	Program Revenues			Totals
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Public library	\$ 17,308	1,574	15,409	38	\$ (287)
Golf course commission	1,158	1,068	-	-	(90)
Development authority	2,249	15	-	-	(2,234)
Health department	18,772	4,815	15,053	-	1,096
Total component units	<u>\$ 39,487</u>	<u>7,472</u>	<u>30,462</u>	<u>38</u>	<u>(1,515)</u>

General Revenues:

Lease interest income - development authority	2,182
Gain on sale of asset - golf course commission	34
Investment income - library	107
Investment income - development authority	17
Misc. items for health department	31
Total general revenues	<u>2,371</u>
Change in net assets	856
Net Assets - beginning	<u>11,690</u>
Net Assets - ending	<u>\$ 12,546</u>

The notes to the financial statements are an integral part of this statement.

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• notes to the financial statements

**notes to the
financial statements**

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Note I.

Summary of Significant Accounting Policies

The financial statements of Gwinnett County, Georgia (the "County"), have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the County are described below:

A. Reporting entity

The County operates under a Commission-County Administrator form of government. As required by GAAP, the financial statements of the reporting entity include those of the County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationships with the County. In conformity with GAAP, as set forth in the Statement of Governmental Accounting Standards No. 14, "The Financial Reporting Entity," the component units' financial statements have been included as blended or discretely presented component units. Blended component units, although legally separate entities, are in substance part of the County's operations and so financial data from these units are combined with the financial data of the primary government. Each discretely presented component unit, on the other hand, is reported separately in the governmentwide financial statements to emphasize that it is legally separate from the County. The component units' financial information disclosed within the governmentwide financial statements reflects the most recently audited financial statements. The following is a brief review of each component unit addressed in defining the government's reporting entity.

Included with the reporting entity as Blended Component Units:

The **Airport Authority**, consisting of a five-member board, is appointed by the governing authority of the County. The Airport Authority provides a means to issue revenue bonds to acquire, construct, equip, maintain, and improve the airport facilities. Although it is legally separate from the County, the Airport Authority is reported as if it were part of the primary government because its sole purpose is to finance, construct, equip, and expand the County airport facility. At December 31, 2005, the Authority had no assets, liabilities, or fund equity. In addition, during 2005, the Authority had no revenues or expenses.

The **Recreation Authority**, consisting of a nine-member board, is appointed by the governing authority of the County. The Recreation Authority provides a means to issue revenue bonds for park facilities. Although it is legally separate from the County, the Recreation Authority is reported as if it were a part of the primary government because its sole purpose is to finance, construct, equip, and expand County park facilities.

The **Water and Sewerage Authority**, consisting of a five-member board, is appointed by the governing authority of the County. The Water and Sewerage Authority provides a means to issue revenue bonds for water and sewer facilities. Although it is legally separate from the County, the Water and Sewerage Authority is reported as if it were a part of the primary government because its sole purpose is to finance, construct, equip, and expand County water treatment and transmission facilities.

Complete financial statements of the individual blended component units may be obtained at the County's administrative office at the following address:

75 Langley Drive
Lawrenceville, GA 30045

Included with the reporting entity as Discretely Presented Component Unit:

The **Gwinnett County Public Library**, (the "Library"), operates the County's public libraries for the citizens of the County. The Library Board consists of five members appointed by the Gwinnett County Board of Commissioners. Although the County does not have the authority to approve or modify the Library's operational or capital budgets, it does have the ability to control the amount of the funding the County provides. Such funding is significant to the overall operations of the Library.

The Library operates on a fiscal year end of June 30. The financial information presented for this discretely presented component unit is as of June 30, 2005.

Complete financial statements of the Library may be obtained at the entity's administrative office at the following address:

Gwinnett County Public Library
1001 Lawrenceville Highway
Lawrenceville, GA 30045

The **Springbrook Golf Course Commission** (the "Commission") was formed in May 2000 to operate the Springbrook Golf Course. The Commission consists of a five-member board appointed by the governing authority of the County. The assets and equity of the Springbrook Golf Course were transferred to the Commission in return for a Promissory Note in the amount of \$3,310,455. Because the County appoints the board members and because of the financial relationship between the County and the Commission, the Commission is reported as a discretely presented component unit.

The Commission operates on a fiscal year end of December 31. The financial information presented for this discretely presented component unit is as of December 31, 2005.

Complete financial statements of the Springbrook Golf Course Commission may be obtained at the County's administrative office at the following address:

75 Langley Drive
Lawrenceville, GA 30045

The **Development Authority of Gwinnett County** consists of a seven-member board appointed by the governing authority of the County. The Development Authority's sole purpose is to finance the acquisition or construction of industrial and commercial facilities deemed to be in the public interest through the issuance of bonds. Neither the Authority, the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of these bonds except for the 2001 issuance described below. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. In 2001, the Development Authority issued revenue bonds for the expansion of the Gwinnett Center. The County has entered into a lease agreement with the Development Authority to lease the Center for a 30-year period. The County has pledged hotel/motel tax revenues to the Development Authority to satisfy the lease payments in an amount equal to the required debt service of the bonds. Therefore, due to this agreement, a significant financial relationship exists, and the Development Authority is reported as a discretely presented component unit. The Development Authority operates on a fiscal year end of December 31.

Complete financial statements of the individual component unit may be obtained at the County's administrative office at the following address:

75 Langley Drive
Lawrenceville, GA 30045

The **Gwinnett County Board of Health d/b/a the Gwinnett County Health Department** is considered a discretely presented component unit based upon the criteria in GASB Statement N^o. 14. The Board of Health consists of seven members. Two members are appointed by the City of Lawrenceville. The Gwinnett Board of Commissioners appoints three members and the Chairman of the Board of Commissioners (or their designee) serves as a member. The County Superintendent of Schools rounds out the membership. County appointments or members make up the majority of the Board of Health. The County contributed approximately eight percent of the Board's overall revenues during its fiscal year ended June 30, 2005. Because the County appoints the majority of the Board and because of the financial relationship between the Health Department and the County, the Health Department is reported as a discretely presented component unit.

The Board of Health operates on a June 30 fiscal year. The County does not prepare or review the financial statements of the Board of Health, and neither the County nor its auditors have performed an audit of its financial records. The Board of Health engaged another accounting firm to audit its financial statements for the year ended June 30, 2005. Complete financial statements may be obtained at the following address:

Jerry S. Adams, CPA
Post Office Box 2456
Gainesville, GA 30503

Related Organizations

The **Housing Authority of Gwinnett County** (the "Housing Authority") is considered a related organization based upon the criteria in GASB Statement N^o. 14. Pursuant to *Official Code of Georgia Annotated (O.C.G.A.)* §8-3-4, the Housing Authority is a separate legal entity from Gwinnett County. Further, pursuant to *O.C.G.A.* §8-3-50, the County appoints a voting majority of the Housing Authority members. However, the County is not able to impose its will upon the Housing Authority nor does a financial benefit/burden relationship exist between them.

Joint Venture

The **Atlanta Regional Commission** (the "ARC") is considered a joint venture based upon the criteria in GASB Statement N^o. 14. Under Georgia law, the County, in conjunction with other cities and counties in the 10-county metropolitan Atlanta, Georgia, area, is a member of the ARC. Membership in a Regional Development Center (RDC) is required by *O.C.G.A.* §50-8-34, which provides for the organization structure of the RDC in Georgia. The County paid dues in the amount of \$672,800 to the ARC for the year ended December 31, 2005. The RDC Board membership includes the chief elected official of each county and municipality of the area. *O.C.G.A.* §50-8-39.1 provides that the member governments are liable for any debts or obligations of a RDC. Complete financial statements of the RDC may be obtained at the following address:

Atlanta Regional Commission
40 Courtland Street, NE
Atlanta, GA 30303

B. Governmentwide and fund financial statements

The governmentwide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmentwide financial statements do not provide information by fund or account group, but distinguish between the County's governmental activities and business-type activities. Governmental activities, which normally are supported by taxes and inter-governmental 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 discretely presented component units. The statement of net assets includes noncurrent assets and liabilities. In addition, the governmentwide statement of activities reflects depreciation expenses on the County's capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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 considered 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 governmentwide financial statements. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The governmentwide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements (agency funds do not have a measurement focus but use the accrual basis of accounting). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Major revenue sources which are susceptible to accrual are Property Tax, Sales Tax, Insurance Premium Tax, and intergovernmental revenue. 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.

In accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," the corresponding assets (receivables) in nonexchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source. For 2005, the County has recorded a \$21.5 million receivable and deferred revenue for Insurance Premium Tax due from the State of Georgia for taxes collected in 2005 which will be paid to the County in 2006. The

County has also recorded a \$13.5 million receivable and deferred revenue for property taxes levied in 2005 and prior years, but expected to be collected in 2006 (adjusted for an allowance for doubtful accounts).

All other deferred revenue is related to miscellaneous grants for which the county has received the cash but has not yet earned the revenue.

Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement N°. 34 also requires, as supplementary information, Management's Discussion and Analysis which includes an analytical overview of the County's financial activities.

The County reports the following major governmental funds:

The General Fund is Gwinnett 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 Other Capital Projects Fund accounts for the financial resources to be used for the purchase and construction of major capital facilities, other than those accounted for in specific funds, which are not financed by the proprietary funds.

The 1997 Sales Tax Fund accounts for the financial resources provided from the 1997 one percent Special Purpose Local Option Sales Tax. Such resources are to be used for road improvements, public safety, and parks and recreation.

The 2001 Sales Tax Fund accounts for the financial resources provided from the 2001 one percent Special Purpose Local Option Sales Tax. Such resources are to be used for libraries, parks and recreation, public safety, and transportation projects.

The 2005 Sales Tax Fund accounts for the financial resources provided from the 2005 one percent Special Purpose Local Option Sales Tax. Such resources are to be used for libraries, parks and recreation, public safety, and transportation projects.

The County reports the following major enterprise funds:

The Water and Sewerage fund accounts for the activities of the Water and Sewerage Authority, a blended component unit of the government, and the Water and Sewerage System. The system includes sewage treatment plants, sewage pumping stations and collection systems, and the water distribution system.

The Stormwater Fund accounts for the provision of stormwater services to the residents of the county, including administration, operations, maintenance, billing, and collections.

The County also reports the following fund types:

Internal Service Funds are used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government on a cost reimbursement basis. The County's internal service funds include Group Insurance, Risk Management, Automotive Management, and Auto Liability.

Agency funds account for Tax Commissioner, Clerk of the Courts, Recorder's Court, Sheriff, Probate Court, Juvenile Court, and Corrections.

Agency Funds are accounted for on the accrual basis of accounting and are used to account for assets held by the government as an agent for individuals, private organizations, and other governments.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in both the governmentwide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. Gwinnett County has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise and internal service funds are charges to customers for sales and services. The Water and Sewerage Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds also include administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include demand deposits and savings accounts with financial institutions and deposits with fiscal agents. State of Georgia statutes and the County's investment policy authorize the County to invest in direct obligations of the U.S. Government; obligations insured or guaranteed by the U.S. Government or a U.S. Government agency; obligations of any U.S. Government instrumentally or sponsored corporation; prime bankers' acceptances; obligations of the State of Georgia and its political subdivisions; certain collateralized repurchase agreements; certain customized and collateralized bank products; and the State of Georgia Office of Treasury and Fiscal Services Georgia Fund-I Liquidity Pool. Investments are carried at fair value, which is based on quoted market value.

There is negligible credit risk associated with the County's investments primarily due to reliance upon securities of the U.S. Government and its agencies or instrumentalities by both the County and the Office of Treasury and Fiscal Services. As with any fixed income portfolio, market price risk exists in a changing interest rate environment, and some of the County's investments are subject to decline in market value as interest rates fluctuate. Securities with more than a small amount of market risk are held almost exclusively as investment of capital funds to be used for projects with long construction schedules.

Operating funds are currently invested in the Georgia Fund-I Liquidity Pool; U.S. Government treasuries and agencies of short duration; or maintained in fully collateralized demand deposit, savings, and public funds money market accounts with financial institutions. The Georgia Fund-I operates as constant Net Asset Value (NAV) money market funds, and although these Pools are not registered with the Securities and Exchange Commission, the Georgia Fund-I is operated in a manner consistent with the SEC's *Rule 2a7 of the Investment Company Act of 1940*. The Georgia Fund-I is managed under the policies included in Georgia Law *O.C.G.A. §36-83-4*. The reported value of the Georgia Fund-I is the same as the fair value of the pool shares. (See *Note 3 – Cash, Cash Equivalents, and Investments for additional information*).

E. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. For the most part, the effect of interfund activity has been removed from the governmentwide statement of net assets. Any residual balances outstanding between the governmental and business-type activities are reported in the governmentwide statement of net assets as “internal balances.” In the major fund balance sheets, these receivables and payables are classified as “due from other funds” or “due to other funds.”

F. Inventories

Inventories are valued at cost using a weighted average costing assumption. The cost of inventories is recorded as an expenditure at the time individual inventory items are consumed (consumption method).

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the balance sheet date are recorded as prepaid assets.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, dams, and similar items), are reported in the applicable governmental or business-type activities columns in the governmentwide financial statements. Governmental (general) capital assets are recorded as expenditures (capital outlay) in the governmental funds and capitalized at cost in the governmentwide statement of net assets. The County’s capitalization threshold is \$25,000 for software and \$5,000 for all other assets. Some assets under the threshold, such as firearms, are capitalized for control purposes.

Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation.

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.

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the Water and Sewerage Fund is included as part of the capitalized value of the assets. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until completion of the project) with interest earned on investment proceeds over the same period. During 2005, \$9,537,289 of interest was capitalized.

Depreciation is calculated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	25 – 50
Infrastructure	45 – 50
Improvements (other than buildings)	10 – 99
Equipment	3 – 10

I. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the fund balance sheet because their use is limited by applicable debt covenants.

J. Compensated Absences

The liability for accumulated unpaid vacation pay amounts, as well as other salary-related payments, have been accrued in the proprietary funds and the governmentwide statements of net assets as accumulated leave benefits. These amounts are not considered a current liability within the governmental fund types balance sheets since they will be paid from appropriations of subsequent years.

Accumulated sick pay benefits have not been recorded as a liability because the payment of the benefits is contingent upon the future illness of an employee. It is not expected that any unrecorded sick pay benefits will exceed a normal year's accumulation.

K. Estimated Claims Payable

The liability for claims and judgments against the County, including the estimated liability for claims incurred but not reported at year-end, has been accrued in the County's Risk Management Fund (Internal Service Fund) and the governmentwide statement of net assets.

L. Pension Plan(s)

The County provides a defined benefit pension plan to a large segment of the workforce. Eligibility is based on employment status and a vesting period. Benefits are based on years of service and other factors. It is the County's policy to fund the normal cost and amortization, up to 30 years, of any unfunded prior service cost. The accrued pension liability represents actuarially determined contributions for the year which were due and payable at year end. As discussed in Note 12, a defined contribution plan was established effective August 1, 2000, to provide retirement benefits for appointed employees, appointed officials, and elected officials. The County provides certain other benefits to retirees and otherwise terminated employees as post employment benefits.

M. Long-term Obligations

In the governmentwide 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 assets. Bond premiums and discounts, issuance costs, and deferred losses on debt refundings, are deferred and amortized over the life of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred losses on debt refundings.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances 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.

N. Fund Equity

In governmental funds, reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

O. Net Assets

Net assets on the governmentwide statement of Net Assets include investments in capital assets net of related debt; restricted assets for capital projects, debt service, other purposes; and unrestricted assets.

P. Interfund Transactions

Interfund services provided and used are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except interfund services provided and used, are reported as transfers.

Q. Connection Charges

In the Enterprise Funds, fees charged to connect into the County's water and sewerage system up to the cost of the connection are recorded as operating income. The remaining portions of the fees are recorded as capital contributions.

R. System Development Charges

In the Water and Sewerage Fund, System Development Charges, in accordance with the Water and Sewerage Ordinance, are recorded as revenue.

S. Statement of Cash Flows

For purposes of the statement of cash flows, cash management pools, deposits in the Georgia Fund-I state investment pool, and investments purchased with an original maturity date of three months or less are considered cash equivalents.

T. Management Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amount of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Note 2.

Legal Compliance – Budgets

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

1. Prior to December 1, the Chairman submits a proposed budget to the Board of Commissioners governing expenditures of all County funds, including Capital Outlay and Public Works Projects, for the fiscal year commencing the following January 1.
2. In December, the Board of Commissioners holds a public hearing on the proposed budget to obtain citizen comments.
3. The Board of Commissioners formally adopts the budget (or continuation budget if the Commission requires additional review of the proposed budget) at the first regular meeting in January of the current budget year. Once the Commission has agreed on the proposed budget, a resolution is adopted by the Commission replacing the continuation budget. A balanced budget is required by law.
4. The legal level of budgeting control (the level at which expenditures may not exceed appropriations) is at the department level for each fund for which a budget is required with the following provision:

Any increase in appropriations in any fund, whether through a change in anticipated revenues or through a transfer of appropriations among departments, shall require Board of Commissioners approval, with one exception. The County Administrator and/or the Direct-

or of Financial Services are granted authority to allocate funds to the appropriate fund/department from insurance proceeds and/or from Casualty and Liability Insurance Reserve for the replacement or repair of the damaged equipment items.

5. Annual appropriated budgets are legally adopted for the General Fund, some Special Revenue Funds, the Debt Service Fund and Capital Projects Funds. A budget for the Grant Fund is adopted based on the funding of the various grant programs. Annual operating budgets are prepared for each Enterprise and Internal Service Fund for planning, control, cost allocation, and evaluation purposes. Budgetary amounts are not formally integrated into proprietary fund general ledgers. All appropriations lapse at fiscal year end.
6. Actual expenditures of each fund for the year may not exceed the budget for that fund, or amendments thereto, and may not exceed actual funding sources.
7. Any increase in Appropriations in any Fund for a Department, whether through a change in Anticipated Revenues in any Fund or through a transfer of Appropriations among Departments, shall require the approval of the Board of Commissioners, except in the following cases where authority is granted to:
The Director of Financial Services to:
 - (a) allocate funds to the appropriate Department from insurance proceeds and/or from the Casualty and Liability Insurance Reserve for the replacement or repair of damaged equipment items;
 - (b) allocate funds from established reserves or fund balances for leave balances at retirement, salary adjustments, and reclassifications to Departments and Organizational Units as necessary to provide funding for compensation actions approved by the Board of Commissioners;
 - (c) allocate funds from the established Judicial Reserve to appropriate departments within the Judicial System as required; and to allocate funds from the established Inmate Housing Reserve to appropriate departments as required;
 - (d) allocate funds from departmental budgets to Support Services to provide funding for furniture and fixtures that have been approved by the County Administrator and/or Board of Commissioners;
 - (e) allocate funds from the established Inmate Medical Reserve or fund balance to various funds/departments when required to cover medical expenses;
 - (f) to transfer funds resulting from salary savings, or to transfer balances resulting from under expenditures in operating accounts into a pension reserve;
 - (g) to approve transfers of appropriations within capital projects and to allocate funds previously approved, or, as appropriate, to transfer appropriations among fiscal years for projects as necessary to allow completion of each project and to cover existing obligations/expenses in accordance with the intent and actions of the Board of Commissioners, however, in no case shall appropriations exceed actual available funding sources.

The County Administrator to:

- (a) transfer funds from departmental budgets to Contributions or Capital Projects for amounts up to \$25,000;
- (b) transfer appropriations within a capital fund from an Information Technology contingency/reserve or projects to new and/or existing IT projects in accordance with the IT Strategic Plan and the intent of the Board of Commissioners;
- (c) transfer funds within a capital fund from fund or program contingencies and/or savings in existing projects to establish new projects for amounts up to \$100,000;
- (d) reallocate funding among projects approved by the Board of Commissioners;

8. Appropriations in any fund among the various accounts within a Department shall require only the approval of the Director of Financial Services, except that transfer of Appropriations within a Department, to or from salaries, to or from operating fixed assets, transfers to any conference account, or any copy machine lease account, shall require the approval of the Director of Financial Services for amounts up to \$25,000, or the County Administrator for amounts up to \$100,000, and the approval of the Board of Commissioners for amounts exceeding \$100,000.
9. The Board of Commissioners shall approve increases in authorized positions. Vacant positions may be reallocated within the same department or reassigned to another department, and filled authorized positions may be reassigned at the same grade level between departments with the authorization of the County Administrator.

Operational control of departmental budgets is accomplished through an automated system of preliminary checks of funds availability on an appropriation unit basis (group of accounts). Encumbrances, amounts of the budgetary appropriation reserved to meet an obligation, are maintained as a technique for budgetary control and are recorded when purchase orders are issued for goods and services. In the event of insufficient funds within an appropriation unit, purchase orders are not issued until an interdepartmental budget transfer is made within policy guidelines, or until the Board of Commissioners makes additional funds available.

The original budget for the year ended December 31, 2005, was amended through supplemental appropriations as follows (in thousands of dollars):

	Original Appropriation Budget	Increase (Decrease) In Appropriation	Amended Appropriation Budget
General Fund	\$ 322,199	4,123	326,322
Special Revenue Funds	103,160	(227)	102,933
Debt Service Fund	14,894	14	14,908
Capital Projects Funds	549,889	65,745	615,634

The Statements of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budget Basis) reflect these revisions.

Due to legal requirements, revenues and appropriations for the Governmental Fund Types are budgeted on a basis that is not consistent with GAAP. The actual results of operations on the budget basis are presented in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund (Basic Financial Statements) and all other governmental funds (Combining Statements).

The Grant Fund is budgeted on a project length basis and is not included in the reconciliation below. Also, the budget policy is to accrue bond interest paid in January in the Debt Service Fund. Adjustments necessary to convert the results of operations from the budget basis to the GAAP basis at year-end are as follows (in thousands of dollars):

	Fund Balances at End of Year		
	General Fund	Special Revenue Funds	Debt Service Fund
GAAP basis Increase (decrease)	133,141	61,815	21,003
Due to encumbrances Encumbrances, at December 31, 2004	(3,157)	(275)	-
Market Value Adjustment	37	-	-
Change in interest accruals	-	-	135
Budget basis	130,021	61,540	21,138

Note 3. Cash, Cash Equivalents, and Investments

Following are the components of the County's cash, cash equivalents, and investments at December 31, 2005 (in thousands of dollars):

	Unrestricted	Restricted	Agencies Unrestricted	Primary Government Total
Cash and cash equivalents	620,080	63,716	40,440	724,236
Investments	325,731	165,664	-	491,395
	945,811	229,380	40,440	1,215,631

Credit Risk and Interest Rate Risk

The investment objectives of the County are set forth below in the order of priority and are applicable to both the Liquidity Portfolio (near term cash needs) and the Investment Portfolio (longer term cash needs).

- A. Each investment decision shall first consider that capital losses are to be avoided, whether from deterioration of financial fundamentals or erosion of market value due to rapidly changing interest rates or other market and non-market factors.
- B. The portfolios must be structured in such a manner that sufficient liquidity shall exist to pay obligations as they become due, without the requirement for unplanned liquidations of securities. The Director of Financial Services shall establish criteria for the preparation of cash projections, matching maturities and maintenance of reserves, all in order to maintain liquidity.

C. The County seeks market rates of return on its investments, consistent with its liquidity requirements and quality and duration/ maturity constraints. The County further seeks to preserve its capital by maintaining a low volatility portfolio as it relates to price fluctuations, further modifying return objectives.

D. County funds will at all times be invested in conformity with the laws of the State of Georgia, specifically 36-80-3, 36-80-4, 36-82-7, and 36-83-4; along with bond ordinances or covenants, this Investment Policy and the Department's written administrative procedures.

E. The County's investments are to be managed on a total rate of return basis while avoiding speculative strategies and highly volatile securities. Use of high risk (volatile) derivative securities are prohibited from purchase in either the liquidity or investment portfolio. The County seeks to acquire securities with suitable characteristics and to hold those assets until such time as market conditions or other factors create clear opportunities for increased returns. Excessive trading without clearly demonstrable benefit to the County is prohibited.

Custodial credit risk – deposits

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 require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the US government, or bonds of public authorities, counties or municipalities.

As of December 31, 2005, the County's Credit and Interest Rate Risk related to the County's cash equivalents and investments as follows:

Investment	Fair Value	Duration (Years)	Credit Quality
Federal Mortgage Backed Securities	324,535,999	0.65	AAA
Federal Mortgage Backed Securities	50,795,849	1.56	AAA
U.S. Treasury Bills	1,642,295	0.13	AAA
U.S. Treasury Notes	1,685,652	0.36	AAA
U.S. Treasury Notes	580,362	3.74	AAA
State of Georgia – Georgia Fund I	329,052,538	.06	AAA
Total Investments	708,292,695		AAA

Note 4.

Property Taxes

The County's property taxes were levied on the assessed values of all real and personal property including mobile homes and motor vehicles located in the County. The assessed value at January 1, 2005, upon which the 2005 levy was based, was the gross digest amount of \$27,400,896,247 (40 percent of the estimated market value of \$68,502,240,618).

The tax billing cycle for fiscal year 2005 allowed citizens to pay 50 percent of the tax bill in October with the balance due in November as detailed in the following calendar:

Levy date	January 1, 2005
Tax bills mailed by	August 15, 2005
Payment due dates	
First installment	October 15, 2005
Second installment	November 15, 2005
Delinquency dates	
First Installment	October 16, 2005
Second Installment	November 16, 2005
Approximate lien date	March 16, 2006

Note 5.

Allowances For Uncollectible Receivables

Allowances for uncollectible receivables at December 31, 2005, are as follows (in thousands of dollars):

Taxes receivable:	
General Fund	\$1,847
Other Governmental Funds	933
	<u>\$2,780</u>
Accounts receivable:	
General Fund	\$ 1,269
Water and Sewerage Fund	1,059
	<u>\$ 2,328</u>

Note 6.

Due From Other Governments

The total amount due from other governments as of December 31, 2005, is \$25,203,000. A total of \$21,465,553 is due from the State of Georgia for Insurance Premium Tax collected by the state in 2005, but not yet paid to the County. This amount was estimated using the amount received for 2005 and adjusting it for projected population growth. The remaining \$3,737,447 is due from various state and local agencies.

Note 7.

Capital Assets

The County's Capital Asset activity for the year ended December 31, 2005, was as follows (in thousands of dollars):

Primary Government

	Balance January 1, 2005	Increases	Decreases	Balance December 31, 2005
Governmental activities:				
Capital assets, not being depreciated: land	\$ 370,450	12,465	24,831	358,084
Construction in progress	184,974	177,922	83,122	279,774
Total capital assets, not being depreciated	555,424	190,387	107,953	637,858
Capital assets, being depreciated:				
Land improvements	80,790	32,386	3,661	109,515
Buildings	346,890	46,301	5,509	387,682
Equipment	56,345	14,151	300	70,196
Vehicles	43,980	1,860	526	45,316
Infrastructure	643,040	23,561	3,380	663,221
Total capital assets being depreciated	1,171,045	118,259	13,376	1,275,930
Less accumulated depreciation for:				
Land improvements	24,966	3,865	2,053	26,778
Buildings	59,988	7,667	1,182	66,473
Equipment	39,067	5,939	136	44,870
Vehicles	28,485	4,316	1,886	30,915
Infrastructure	139,225	12,912	4	152,133
Total accumulated depreciation	291,731	34,699	5,261	321,169
Total capital assets, being depreciated, net	879,314	83,560	8,115	954,761
Governmental activities capital assets, net	\$1,434,738	273,947	116,068	1,592,619

	Balance January 1, 2005	Increases	Decreases	Balance December 31, 2005
Business-type activities:				
Capital assets, not being depreciated: land	\$ 62,681	4,282	7,111	59,852
Construction in progress	729,585	111,998	480,439	361,144
Total capital assets, not being depreciated	792,266	116,280	487,550	420,996
Capital assets, being depreciated:				
Buildings	264,761	243,028	7	507,782
Improvements	1,873,712	283,203	1,935	2,154,980
Equipment	159,675	117,632	155	277,152
Vehicles	28,138	517	2	28,343
Total capital assets being depreciated	2,326,286	644,380	2,409	2,968,257
Less accumulated depreciation for:				
Buildings	42,668	8,436	5	51,099
Improvements	296,590	31,988	701	327,877
Equipment	75,354	21,904	411	96,847
Vehicles	11,242	2,340	313	13,269
Total accumulated depreciation	425,854	64,668	1,430	489,092
Total capital assets, being depreciated, net	1,900,432	579,712	979	2,479,165
Business-type activities capital assets, net	\$2,692,698	695,992	488,529	2,900,161

Depreciation expense was charged to functions/programs of the primary government as follows (in thousands of dollars):

Governmental Activities:

General Government	\$5,054
Public Safety	3,839
Judiciary	1,077
Public Works	13,577
Health and Welfare	18
Culture and Recreation	5,887
Housing and Development	1,904
Total depreciation expense – governmental activities	<u>\$31,356</u>

Business-type activities:

Water and Sewerage	\$ 46,277
Airport	1,192
Solid Waste	2
Stormwater	13,540
Transit	3,359
Total depreciation expense – business-type activities	<u><u>\$ 64,370</u></u>

Capital assets held by the government's internal service funds are charged to the various governmental functions based on their usage of the assets, and these amounts are not included in the depreciation expense amounts above. Additionally, certain assets were transferred between governmental activities and business-type activities resulting in additions to accumulated depreciation which are not depreciation expense.

Construction Commitments

The County has active construction projects as of December 31, 2005. At year-end the County's commitments with contractors are as follows (in thousands of dollars):

Contract Value	\$880,621
Spent-to-Date	<u>746,266</u>
Remaining Commitment	<u><u>\$134,355</u></u>

Discretely Presented Component Units

The Gwinnett County Public Library's (discretely presented component unit) capital assets reflected activity as follows (in thousands of dollars), as of June 30, 2005:

	Beginning Balance	Increase	Decrease	Ending Balance
Equipment	2,477	156	(9)	2,624
Less accumulate depreciation	(1,798)	(311)	-	(2,109)
Net Capital Assets	<u>679</u>	<u>155</u>	<u>(9)</u>	<u>515</u>

A summary of the Springbrook Golf Course Commission's (a discretely presented component unit) capital assets reflected activity is as follows (in thousands of dollars), as of December 31, 2005:

	Beginning Balance	Increases	Decreases	Ending Balance
Land – nondepreciable	\$ 2,909	-	-	\$ 2,909
Buildings	654	-	-	654
Club House	888	5	-	892
Course	471	35	-	506
Equipment	1,087	263	(266)	1,123
Other improvements	198	-	-	198
	6,207	-	-	6,207
Less accumulated depreciation	(1,816)	(153)	175	(1,793)
Net	\$ 4,391	150	(51)	\$ 4,490

The Board of Health's (a discretely presented component unit) capital assets reflected activity is as follows (in thousands of dollars), as of June 30, 2005:

	Beginning Balance	Increase	Decrease	Ending Balance
Equipment	\$ 1,092	140	(36)	\$ 1,196
Less accumulated depreciation	(801)	(93)	36	(858)
Net capital assets	\$ 291	47	-	\$ 338

Note 8. Long-term Obligations

The following is a summary of changes in long-term obligations for the year ended December 31, 2005 (in thousands of dollars):

Governmental Activities:	January 1, 2005	Accretion Amortization	Additions	Retirements	December 31, 2005	Amounts due within one year
Group:						
Revenue bonds	\$ 12,725	-	-	(1,810)	10,915	1,925
General obligation bonds	125,965	-	-	(9,565)	116,400	9,845
Less: deferred amounts						
For issuance premiums	1,216	-	-	(236)	980	-
On refunding	(1,632)	-	-	447	(1,185)	-
Total bonds payable	138,274	-	-	(11,164)	127,110	11,770

Governmental Activities:	January 1, 2005	Accretion Amortization	Additions	Retirements	December 31, 2005	Amounts due within one year
Lease Payable	65,000	-	-	-	65,000	1,405
Accumulated leave benefits	10,667	-	11,859	(11,362)	11,164	10,264
Estimated claims payable	14,023	-	41,118	(41,048)	14,093	9,289
Governmental activity						
Long-term liabilities	\$ 227,964	-	52,970	(63,574)	217,367	32,728
Business-type Activities:						
Notes payable	\$ 2,663	-	-	(428)	2,235	444
Revenue bonds	842,346	5,239	259,600	(276,192)	830,993	28,970
Less: deferred amounts For issuance premiums (discounts and loss)	12,570	-	(10,138)	(436)	1,996	-
Total bonds payable	854,916	5,239	249,462	(276,628)	832,989	28,970
Accumulated leave benefits	1,391	-	1,235	(1,184)	1,442	1,326
Business-type activity						
Long-term liabilities	\$ 858,970	5,239	250,697	(277,812)	836,666	30,740

Internal Service Funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$162,000 of internal service fund accumulated leave benefits and \$14,093,000 of internal service fund claims payable were included in the above amounts. Also, for governmental funds, accumulated leave benefits are liquidated by the General, E-911, Fire, Recreation, and Internal Service Funds. Estimated claims payable is liquidated by the Group Insurance and Risk Management Internal Service Funds.

For business-type activities, accumulated leave benefits are liquidated by the Water and Sewerage, Airport, Stormwater, and Transit Funds.

Bonds payable are comprised of the following:

General Obligation Bonds

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the County. General obligation bonds have been issued for general government activities and are reported in the governmental column of the governmentwide statement of net assets. The 2003 Bonds have a 20-year amortization and the 2002 bonds have a 25-year amortization. General obligation bonds outstanding, as of December 31, 2005, are as follows (in thousands of dollars):

	Interest Rate (%)	Interest Dates	Issue Date	Maturity Date	Authorized and Issued	Cumulatively Retired	Outstanding
2002 General Obligation Refunding	2.0 – 4.0	1/1 – 7/1	10/23/02	01/01/11	\$ 61,740	\$ 14,920	\$ 46,820
2003 General Obligation	2.0 – 4.0	1/1 – 7/1	07/25/03	01/01/23	75,000	5,420	69,580
					\$136,740	\$ 20,340	\$ 116,400

Revenue Bonds

The County also issues bonds where the County pledges income derived from the acquired or constructed assets to pay debt service. The County has issued revenue bonds for both governmental and business-type activity.

The revenue bonds related to proprietary activity are reported in the Enterprise Funds as they are expected to be repaid from Enterprise Funds revenues. The governmental revenue bonds are reported in the governmental column of the governmentwide statement of net assets. Revenue bonds outstanding, as of December 31, 2005, are as follows (in thousands of dollars):

	Interest Rate %	Interest Dates	Issue Date	Maturity Date	Authorized and Issued	Cumulatively Retired	Cumulative Capital Accretion Interest	Unamortized Discount/Premium	Outstanding
Governmental Activities:									
1992 Recreation Refunding	3.0 – 6.0	2/1 – 8/1	12/01/92	02/01/10	\$ 31,340	20,425	-	-	10,915
Business-type:									
1994 Water and Sewerage Refunding	4.9	2/1 – 8/1	02/25/94	08/01/10	63,128	-	46,896	(156)	109,868
1997 Water and Sewerage	5.0 – 5.25	2/1 – 8/1	06/01/97	08/01/18	100,000	97,200	-	(6)	2,794
1998 Water and Sewerage	4.5 – 5.0	2/1 – 8/1	05/01/98	08/01/18	170,000	157,470	-	(26)	12,504
1999 Water and Sewerage	5.25	2/1 – 8/1	06/01/99	08/01/22	50,000	50,000	-	0	0
2002 Water and Sewerage	4.0 – 5.25	2/1 – 8/1	05/01/02	08/01/25	120,000	-	-	(849)	119,151
2003A Water and Sewerage Refunding	1.0 – 6.0	2/1 – 8/1	06/05/03	08/01/06	18,075	13,135	-	111	5,051
2003B Water and Sewerage Refunding	4.75 – 5.0	2/1 – 8/1	06/05/03	08/01/25	200,000	-	-	13,434	213,434
2004 Water and Sewerage	Variable	Monthly	10/21/04	08/01/25	120,000	-	-	-	120,000
2005 Water and Sewerage Refunding	3.0 – 4.50	2/1 – 8/1	3/17/05	8/1/22	259,600	-	-	(9,414)	250,186
					1,100,803	317,805	46,896	3,094	832,989
					\$ 1,132,143	338,230	46,896	3,094	843,904

The annual requirements to amortize bonds payable as of December 31, 2005, excluding unamortized bond discount/premium and deferred loss on refunding of \$2,889,000, are as follows (in thousands of dollars):

Year ended December 31	Governmental				Business-Type		Total
	General Obligation		Revenue		Revenue		
	Principal	Interest	Principal	Interest	Principal	Interest	
2006	9,845	3,946	1,925	593	28,970	31,301	76,580
2007	10,205	3,602	2,045	477	15,785	44,690	76,804
2008	10,560	3,228	2,170	351	14,955	45,510	76,774
2009	10,945	2,860	2,310	217	12,194	46,198	74,724
2010	11,380	2,490	2,465	74	13,714	46,531	76,654
2011 – 2015	26,210	8,827	-	-	192,200	121,252	348,489
2016 – 2020	21,660	5,300	-	-	232,500	77,369	336,829
2021 – 2025	15,595	956	-	-	320,615	31,101	368,267
Total	\$116,400	31,209	\$ 10,915	1,712	\$ 830,933	443,952	\$ 1,435,121

Variable Rate Revenue Bonds

Component Unit	Interest Rate %	Interest Dates	Issue Date	Maturity Date	Authorized and Issues
Development Authority 2001 Demand	variable	weekly	05/10/01	09/01/31	\$65,000

The Water and Sewer Authority issued \$120,000,000 in variable rate revenue bonds on October 21, 2004. The bonds were divided into two series, A and B. The Series A bonds are underwritten and remarketed by Citigroup and the Series B bonds are underwritten and remarketed by UBS Financial Services, Inc. Other than the designation of Series A and Series B, the bonds are identical in all respects other than the variable rate that will be assigned on an ongoing basis pursuant to the weekly remarketing. The bonds will initially bear interest for a weekly interest rate period, and will continue such until adjusted at the option of the Authority to a daily, short-term, or long-term period. The weekly interest rate is determined by the Remarketing Agent subject to a maximum of 12 percent per annum for Bonds that are not Purchased Bonds, and 25 percent per annum for Purchased Bonds. The interest paid in 2004 through 2008 (and a portion of 2009) is impacted by the swap agreement discussed below.

Interest Rate Swap. As a hedge against adverse market conditions, the Authority entered into a swap agreement with Merrill Lynch Capital Services, Inc. The intention of this agreement is to effectively change the Authority's variable interest rate (set by the Bond Market Association Municipal Swap Index (BMA) on the bonds to a synthetic fixed rate of 2.7852 percent. The effective date of the swap is the same as the bond issuance date, October 21, 2004. The maturity date of the swap is November 1, 2009. The initial national value of the swap is \$120,000,000. As of December 31, 2005, the swap had a fair value of \$3,096,534. The overall interest cost to the Authority at the time of issue and for the next three years will be the fixed swap rate of 2.7852 percent, the liquidity fee of 0.105 percent and the remarketing fee of 0.08 percent, for a total of 2.9702 percent. This is the rate used to calculate interest through 2008 and 10 months into 2009 on the debt service requirements schedule. From that point on, 1.06 percent is used, which represents the average of the BMA index for the 12 months preceding 2004.

For the fiscal year ending December 31, 2005, the County paid the following debt service expenses related to the Series 2004A and B Variable Rate Revenue Bonds:

Interest	\$ 2,927,918
Swap Fees	\$ 406,053
Liquidity Fees	\$ 127,864
Remarketing Fees	\$ 105,443

Credit risk, or counterparty risk. In the unlikely event that the counterparty becomes insolvent, or fails to make payments as specified in the swap agreement, the Authority would be exposed to credit risk in the amount of the swap's fair value. To minimize this risk, the Authority executed this agreement with counterparties of appropriate credit strength.

Termination risk. The following termination events are defined in the swap agreement: 1) change in law of jurisdiction that occurs after the collar agreement is enacted; 2) change in credit of counterparty due to merger or acquisition; and 3) any event or circumstance on the part of the counterparty or the County that results in an event of default. If early termination occurs during adverse or extraordinary market conditions, the Authority could be exposed to a liability for large interest payments.

Demand Bonds

The Development Authority (a discretely presented component unit) issued \$65,000,000 in variable-rate revenue bonds on May 10, 2001. The estimated annual requirements to amortize the bonds payable as of December 31, 2005, are as follows (in thousands of dollars):

**Development Authority 2001 Variable Rate Revenue Bonds
(4.33% Rate + 0.0% Remarketing + 0.11% Liquidity [Serial])**

Year Ended December 31	Principal	Interest	Total Debt Service
2006	1,405	2,208	3,613
2007	1,465	2,200	3,665
2008	1,525	2,149	3,674
2009	1,595	2,093	3,688
2010	1,660	2,038	3,698
2011 – 2015	10,145	9,204	19,349
2016 – 2020	12,065	7,294	19,359
2021 – 2025	14,340	5,018	19,358
2026 – 2030	17,025	2,320	19,345
2031	3,775	97	3,872
Total	\$ 65,000	\$ 34,621	\$ 99,621

The County is absolutely and unconditionally obligated under the terms of an intergovernmental contract relating to the bonds, dated April 1, 2001 to pay debt service on the bonds, including principal, interest, and remarketing fees. As a result, the County reports a capital lease obligation to component units and the Development Authority reports a lease receivable from the primary government in an amount, and with future requirements, equal to the above Development Authority bonds. The bonds were issued to finance an expansion of the existing Gwinnett Center.

The bonds are variable rate and bear interest at the rate established by the Bond Market Association (BMA) index, reset weekly, with a maximum rate of 12 percent. The weekly rate in effect at December 31, 2005, was 3.51 percent. As a hedge against adverse market conditions, the County has entered into an agreement with Salomon Brothers Holding Company. This agreement effectively provides an interest rate collar by which the County is protected from rate increases while at the same time, investors are guaranteed a minimum rate of return on their investment. The effective interest rate floor and ceiling resulting from this agreement are 3.14 percent and 5.00 percent, respectively, with fees based on the difference between the BMA index and the weekly reset rate calculated by Salomon Brothers. As of December 31, 2005, the collar had a market value of \$76,651.

Risks Associated with Interest Rate Collar

Credit Risk, or counterparty risk, is the unlikely event that the counterparty becomes insolvent or fails to make payments on the collar as specified by the collar agreement. In this case, the collar will terminate early and the County will be responsible for interest rate exposure above the collar ceiling. The County has minimized this risk by executing the collar with a counterparty of appropriate credit strength.

All interest rate collar agreements include events of termination in which the collar agreement is considered null and void due to events initiated by either the counterparty or the County. Termination events as defined in the collar agreement include: 1) change in law of jurisdiction that occurs after the collar agreement is enacted; 2) change in credit of counterparty due to merger or acquisition; and 3) any event or circumstance on the part of the counterparty or the County that results in an event of default. In the case of the County's collar agreement, the *termination risk* would be the liability for potentially large interest payments if termination occurs during adverse or extraordinary market conditions. In the long term, County management believes the termination risk to the County is negligible as the County would be able to procure a similar collar agreement with another counterparty, should it determine that doing so would be in the County's best interest. However, in the interim, the County is prepared to adequately absorb interest rate costs above the ceiling of the collar should adverse market conditions exist at such time.

Since the final maturity on the Series 2001 Development Authority Bonds occurs after the termination date of the collar, *roll-over risk* is the event that, should the County desire to enter into another agreement upon the expiration of the current agreement, unforeseen circumstances, including but not limited to a credit event of the counterparty or changes in federal tax law, make the extension of the collar agreement with the current counterparty impossible. Similarly to termination risk, in the long-term, roll-over risk of the collar agreement is minimum. In a short term situation, however, the County is prepared to adequately absorb interest rate costs above the ceiling of the collar should there be a period of time between the end of the current collar agreement and the procurement of another collar.

For the fiscal year ending December 31, 2005, the County paid the following debt service expenses related to the Series 2001 Revenue Bonds (in thousands of dollars):

Interest	Collar Fees	Liquidity Fees	Remarketing Fees
\$441,216	\$1,588,511	\$86,672	\$38,893

Advance Refunding of Debt

In 1985 and 1986, the County advance refunded all outstanding Water and Sewerage Authority Revenue Bonds. The County issued revenue bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Water and Sewerage Funds. At December 31, 2005, \$15,165,000 of outstanding revenue bonds are considered defeased.

In June 1993, the County advance refunded on a parity with the prior obligations to provide funds to be used to: (a) refund a portion of the Authority's outstanding Water and Sewerage Revenue Bonds, Series 1988, and a portion of the Authority's outstanding Water and Sewerage Revenue Bonds, Series 1990; and (b) pay the expenses necessary to accomplish the foregoing. The net proceeds of \$64,700,510 were deposited in an irrevocable trust with an escrow agent to pay the principal of premium, if any, and interest on the Refunded Bonds in order to achieve certain debt service savings. As a result of the refunding, a portion of the Water and Sewerage Revenue Bonds ("Series 1988 and 1990") are considered to be defeased and the liability for those bonds has been removed from the Water and Sewerage Funds. At December 31, 2005, \$5,225,000 of outstanding revenue bonds are considered defeased.

In 1994, the County advance refunded on a parity with the prior obligations to provide funds to be used to: (a) refund that portion of the Authority's outstanding Revenue Refunding Bonds, Series 1986; and (b) pay the expenses necessary to accomplish the foregoing. Water and Sewerage Revenue Bonds, Series 1994, were issued in the amount of \$63,128,107. The net proceeds of \$63,012,521 were deposited in an irrevocable trust with an escrow agent to pay the principal of redemption premium, if any, and interest on the

Refunded Bonds in order to achieve certain debt service savings. As a result of the refunding, a portion of the Water and Sewerage Revenue Bonds ("Series 1986") are considered to be defeased and the liability for those bonds has been removed from the Water and Sewerage Funds. At December 31, 2005, \$39,959,000 of outstanding revenue bonds are considered defeased.

In 1998, the County retired the remaining portion of the Water and Sewerage Bonds Series 1986 revenue bonds through a cash defeasance. A total of \$45,283,957 was deposited in an irrevocable trust with an escrow agent to pay the principal and interest on the Refunded Bonds in order to achieve certain debt service savings. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Water and Sewerage Funds. At December 31, 2005, \$6,695,000 of outstanding revenue bonds are considered defeased.

In 2000, the County retired a portion of the Recreation Refunding Series 1992 revenue bonds through a cash defeasance. A total of \$2,379,613 was deposited in an irrevocable trust with an escrow agent to pay the principal and interest on the Refunded Bonds in order to achieve certain debt service savings. As a result, the refunded bonds are considered to be defeased. At December 31, 2005, \$785,000 of outstanding revenue bonds are considered defeased.

In 2002, the County advance refunded all the outstanding General Obligation Bonds ("Series 1992 General Obligation Refunding Bonds"). The net proceeds of the General Obligation Refunding Bond issuance were used to purchase investments that were deposited in irrevocable trusts with an escrow agent to provide all future debt service payments on the refunded bonds and to refund all of the outstanding prior revenue bonds. The result of this transaction is expected to be a decrease in future debt service payments of \$6.4 million. The refunded bonds are considered to be defeased. At December 31, 2005, \$47,535,000 of outstanding revenue bonds are considered defeased.

In 2003, the County advance refunded the callable portion of the Water and Sewerage Authority's 1993 Refunding Revenue Bonds. The net proceeds of \$19,484,000 of the 2003A Water and Sewerage Refunding Bonds were deposited in irrevocable trusts with an escrow agent to provide all future debt service payments on the refunded bonds. The result of this transaction is a decrease in future debt service payments of \$800,000. The refunded bonds are considered to be defeased. At December 30, 2005, \$5,180,000 of outstanding revenue bonds are considered defeased.

In 2005, the County advance refunded that portion of the Series 1997 Bonds maturing on and after August 1, 2011, in the aggregate principal amount of \$97,200,000; that portion of the Series 1998 Bonds maturing on and after August 1, 2009, in the aggregate principal amount of \$102,380,000; and that portion of the Series 1999 Bonds maturing on and after August 1, 2011, in the aggregate amount of \$50,000,000. The net proceeds of \$259,600,000 from the 2005 Water and Sewerage Refunding Bonds were deposited in irrevocable trusts with an escrow agent to provide all future debt service payments on the refunded bonds. The result of this transaction is a decrease in future debt service payments of \$16,085,880 resulting in a net present value savings to the County of \$13,543,952. The refunded bonds are considered defeased. At December 31, 2005, \$249,580,000 of outstanding revenue bonds are considered defeased.

Debt Margin

The County is subject to the *Municipal Finance Law of Georgia*, which limits the amount of net bonded debt (exclusive of revenue bonds) the County may have outstanding up to 10 percent of the assessed valuation of taxable property. At December 31, 2005, General Obligation Bonds outstanding, net of amounts available in the Debt Service Fund of \$21,003,000 totaled \$95,397,000. The statutory limit at that date was \$2,475,723,000 providing a debt margin of \$2,380,326.

Debt Covenants

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of moneys through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages. Management believes the County is in compliance with all such significant financial limitations and restrictions.

Notes Payable

The Enterprise Funds have several Georgia Environmental Facilities Authority (GEFA) loans for the construction and acquisition of buildings and equipment. Notes payable outstanding as of December 31, 2005, are as follows (in thousands of dollars):

Enterprise Funds:	Interest Rate %	Interest Dates	Maturity Dates	Notes Payable January 1, 2005	Additions	Retirements	Notes Payable December 31, 2005
GEFA	5.30	3/1, 6/1, 9/1, 12/1	9/08	\$ 275	-	\$ 69	\$ 206
GEFA	6.00	2/1, 5/1, 8/1, 11/1	5/07	192	-	76	116
GEFA	2.00	Quarterly	4/12	1,708	-	218	1,490
GEFA	6.25	1/1, 4/1, 7/1, 10/1	4/11	488	-	65	423
				\$2,663	-	\$ 428	\$ 2,235

The annual requirements to pay the notes outstanding at December 31, 2005, including interest of approximately \$194,000, are as follows (in thousands of dollars):

Year Ending December 31	Enterprise Funds	Principal	Interest
2006	511	444	66
2007	461	413	49
2008	404	369	35
2009	344	320	24
2010	344	330	14
2011 – 2012	365	359	6
	\$ 2,429	2,235	194

Operating Lease Commitments

The County leases certain equipment under operating leases. Rental expense for all operating leases aggregated \$3,500,763 for the year ended December 31, 2005. There were no significant future minimum rental payments, contingent rentals, or sublease rentals associated with leases in effect at December 31, 2005.

Conduit Debt

From time to time, the Development Authority, a discretely presented component unit, has issued Industrial Development Revenue Bonds to provide financial assistance to both private and public sector entities for the acquisition and construction of industrial and commercial facilities deemed to be of public interest. Neither the Development Authority, the County, State, nor political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. There were 30 series of industrial development bonds issued from January 1, 1996 to December 31, 2005, totaling \$482,949,113. The total amount of those bonds outstanding as of December 31, 2005, was \$455,938,185.

The aggregate principal amount outstanding for the 84 series issued prior to December 31, 1995, could not be determined; however, their original issue amounts totaled approximately \$231.5 million.

Note 9.

Interfund Balances and Transfers

Interfund receivable and payable balances as of December 31, 2005, are as follows (in thousands of dollars):

DUE TO	1997 Sales Tax	2001 Sales Tax	Non-major Governmental	Water and Sewerage	Non-major Enterprise	Internal Service	Total
General Fund	645	-	4	-	-	-	\$ 649
1997 Sales Tax	-	21	2,214	-	-	-	2,235
2001 Sales Tax	-	-	282	-	-	-	287
Non-major Governmental	-	-	-	-	9	-	9
Non-major Enterprise	-	-	-	1	-	-	1
Internal Service	18	2	-	-	-	1	21
Total	668	23	2,500	1	9	1	\$ 3,202

Interfund receivables and payables result from timing differences related to payroll and other year end transactions which normally clear within one month. Interfund transfers for the year ended December 31, 2005, consisted of the following (in thousands of dollars):

TRANSFER TO	TRANSFER FROM					Total
	General	Other Capital Projects	1997 Sales Tax	Non-major Governmental	Non-major Enterprise	
General Fund	\$ -	\$ -	\$ 645	\$ 3,459	\$ 229	\$ 4,333
Other Capital Projects	13,755	-	-	9,495	-	23,250
1997 Sales Tax	-	-	-	2,214	-	2,214
2001 Sales Tax	-	-	-	252	-	252
Non-major Governmental	207	768	-	16	-	991
Water and Sewerage	160	-	-	36	-	196
Stormwater	13,117	-	-	-	-	13,117
Non-major Enterprise	6,771	-	-	-	-	6,771
Total	\$ 34,010	\$ 768	\$ 645	\$ 15,472	\$ 229	\$ 51,124

The majority of transfers are from the General Fund to capital projects funds to fund ongoing and planned projects. The General Fund also transfers funds to the Stormwater and Transit Enterprise Funds to cover operating deficits.

Note 10.

Risk Management

A. Liability, Property, and Workers Compensation

It is the policy of the County not to purchase commercial insurance for various types of losses to which it is exposed. Instead, the County management believes it is more economical to manage its risks by purchasing limited liability coverages and internally setting aside assets for claim settlement in its Risk Management Fund, an internal service fund. The Risk Management Fund services claims for the County resulting from general liability, automobile liability, errors and omissions, law enforcement liability, property, and workers' compensation risks. All departments, agencies, and authorities of the County participate in this fund. The Risk Management Fund allocates the cost of providing claims service and claims payment by charging a "premium" to each department, agency, or public authority. These charges, which consider recent trends in actual claims experience of the County as a whole, are accounted for as interfund services provided and used. The County self-funds up to \$2,000,000 for general liability, automobile liability, errors and omissions, and law enforcement liability, with excess coverage of \$20,000,000. The County purchases direct coverage for property and crime insurance with a limit of \$500,000,000 and \$2,000,000 respectively. This policy provides for a \$250,000 deductible on property damage and \$5,000 deductible on fidelity claims. In addition, the County purchases direct coverage for off-duty police liability with a limit of \$1,000,000 fiduciary liability with a limit of \$5,000,000, and aviation coverage for the airport and helicopters with limits of \$50,000,000 and \$15,000,000 respectively. The County is self-funded up to \$600,000 per occurrence for workers' compensation. Amounts exceeding this are covered by an excess workers' compensation policy. The County has not experienced any significant decreases in insurance coverage. Settlement claims have not exceeded coverage in the past three fiscal years.

The County has joined together with other counties in the state as part of the Association County Commissioners of Georgia Group Self-Insurance Workers' Compensation Fund Large Deductible Program. This is a public entity risk pool currently operating as a workers' compensation insurance program for member local governments. The Association County Commissioners of Georgia administers the workers' compensation pool. As part of the Group Self-Insurance Workers' Compensation Fund, 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, and to report as promptly as possible, and in accordance with State law, all incidents which could result in a workers' compensation claim being paid. The County also allows the pool's agents and attorneys to represent the County in investigation, settlement discussions, and all levels of litigation out of any claim made against the County for workers' compensation within the scope of claims protection furnished by the fund. The County is responsible to reimburse the fund for the first \$600,000 of any claim. Amounts exceeding the \$600,000 deductible are covered by an excess workers' compensation policy. The fund is responsible to defend and protect members of the fund in accordance with the workers' compensation law of Georgia.

Outstanding liabilities are reported when it is probable a loss has occurred and the amount of that loss may be reasonably estimated. Liabilities include an actuarially determined amount for claims that have been incurred but not reported. Actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards; therefore, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Liabilities are discounted, that is, they reflect potential investment income that is expected to be earned on the loss reserves until they are paid.

Changes in the balances of claims liabilities for each of the years in the two-year period ended December 31, 2005, were as follows:

	Beginning of Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2005	\$11,023,000	10,295,000	10,225,000	11,093,000
2004	\$9,708,000	7,199,000	5,884,000	11,023,000

At December 31, 2005, the Risk Management Fund held \$23,570,000 in cash and cash equivalents available for payment of these claims.

B. Group Health Insurance

The County accounts for the risks associated with the employee's health insurance plan in the Group Insurance Fund, an internal service fund, where assets are set aside for claim settlements. The County maintains specific stop loss coverage in the amount of \$175,000 per covered individual to reduce the exposure from catastrophic claims. Two third-party administrators are employed to process claims for the group insurance health program. The County has not experienced any significant decreases in insurance coverage.

Changes in balances of claims liabilities for the Group Insurance Fund during 2005 and 2004 are as follows:

	Beginning of Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2005	\$3,000,000	30,823,253	30,823,253	3,000,000
2004	\$2,500,000	38,037,970	37,537,970	3,000,000

At December 31, 2005, the Group Insurance Fund held \$30,817,000 cash and cash equivalents available for payment of these claims.

Note 11.

Deferred Compensation Plan

The County maintains a Section 457 Deferred Compensation Plan administered by a third party. As a result, the assets and liabilities of the plan are not recorded on the County's financial statements. All contributions to this plan are voluntary employee contributions.

Note 12.

Pensions

A. Plan Description

The County contributes to the Association County Commissioners of Georgia ("ACCG") Defined Benefit Plan ("Plan"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating counties in Georgia. The County's payroll for employees covered by the Plan as of January 1, 2005, (the most recent actuarial valuation date) was \$160,132,879 (based on covered earnings for the preceding year).

Employees hired after November 1, 2004, have the choice between a defined benefit plan and one of several defined contribution options. Benefits vest after three years of service for employees hired before November 1, 2004, and vest after five years of service for employees hired after November 1, 2004. Participants become eligible to retire with unreduced benefits at the earlier of: a) age 65 with three years (or five years of service depending on hire date) of participation in the Plan; or b) age plus years of service totaling 75, with minimum of age 50 for participants in the Plan; or c) any age with 30 years of service. Upon eligibility to retire under the plan, participants are entitled to an annual benefit of either two and one-quarter or two and one-half percent of average compensation depending on their contribution amount payable for each year of service as a life annuity. Employees hired after November 1, 2004, upon eligibility to retire only have the choice of one defined benefit option that pays two and one-half percent of average compensation for each year of service payable as a life annuity. A cost of living increase of one percent per year is applied to the retirement benefits for all retirees after January 1, 2006, except for pre-amended participants that do not have any cost of living increases. Compensation is averaged over a sixty-month period prior to retirement or termination. The Plan also provides benefits in the event of death or disability. Upon eligibility to retire under the pre-amended plan, those participants are entitled to an annual benefit of two and one-quarter percent of average compensation. Service is limited to 35 years under the pre-amended plan. These benefit provisions were established (and can be amended) by an adoption agreement executed by the County Board of Commissioners.

Plan Membership

Retirees and beneficiaries receiving benefits	726
Terminated plan members entitled to but not receiving benefits	984
Active plan members	<u>3,567</u>
Total	<u><u>5,277</u></u>

Complete financial statements for the ACCG Defined Benefit Plan can be obtained at the following address:

GEB Corporation
 1100 Circle 75 Parkway, Suite 300
 Atlanta, GA 30339

B. Contributions

Plan members under the defined benefit plan provisions contribute up to 17.5 percent of their annual covered salary. The contribution rate for 2005 was 4.0 and 7.25 percent except for pre-amended participants who do not make a contribution. The rate is based on the cost of the plan amendment that took effect in November 2004. Plan members under the pre-amended plan provisions are not required to make any contributions to the plan. The County is required to contribute to an actuarially determined rate. §47-20 of the Georgia Code sets forth the funding standards for state and local governmental pension plans. Administrative expenses are based on the total covered payroll of plan members and are added to the annual funding requirement.

The Georgia Constitution enables the governing authority of the County, the Board of Commissioners, to establish and amend from time to time, the contribution rates for the employer and its plan members.

Schedule of Employer Cost and Contributions (in thousands of dollars)

Fiscal Year	Annual Pension Cost	Actual County Contribution	Percentage of APC Contributed	Net Pension Asset End of Year
2005	\$ 23,940	\$ 30,025	125%	\$ 60,364
2004	18,676	25,907	139%	\$ 54,279
2003	22,037	23,234	105%	47,048

The County's annual pension cost and net pension asset for the current year were as follows:

Annual required contribution (due at start of plan year)	\$ 23,701,461
Interest from net pension obligation	(4,342,371)
Adjustment of net pension asset	<u>4,580,869</u>
Annual pension cost	23,939,959
Actual contributions to plan	<u>30,024,369</u>
Increase in net pension asset	6,084,410
Net pension asset as of December 31, 2004	<u>54,279,573</u>
Net pension asset as of December 31, 2005	<u><u>\$ 60,363,983</u></u>

C. Defined Benefit Pension Plan

The information presented in the required supplementary schedules above was determined as part of the actuarial valuation as of January 1, 2005. Additional information as of the latest actuarial valuation follows:

Actuarial Valuation date:	January 1, 2005
Expected employee contributions	\$ 8,250,819
Required county contribution	23,701,461
County's annual pension cost	23,939,959
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	5.0%
Includes inflation at	3.0%
Cost-of-living adjustments (Amended plan only)	1.0% every year beginning January 1, 2006
Funding Method: Projected Unit Credit	

Actuarial Value of Plan Assets: Equals market value of assets. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The weighted-average remaining amortization period as of January 1, 2005, was 14 years.

D. Defined Contribution Pension Plan

The Gwinnett County Defined Contribution Pension Plan (the "Plan") is a defined contribution pension plan established by Gwinnett County on August 1, 2000, to provide retirement benefits for appointed employees, appointed officials, and elected officials. The Plan is administered by Great-West Life & Annuity Insurance Company. At December 31, 2005, there were 680 active participants. Plan participants are required to make a one-time, irrevocable election of either 2.5, 5.0, or 7.5 percent contribution of their pensionable earnings, and the County is required to contribute 11.5 percent of pensionable earnings. Plan provisions and contribution requirements are established by and may be amended by the County Board of Commissioners within the scope of all applicable laws. The plan was activated November 1, 2000. For the year ended December 31, 2005, the amount contributed by employees was \$1,282,785. The amount contributed by the County was \$2,329,379. This amount included a contribution by the County of \$46,051 in asset management fees to reimburse employees for part of the cost of administering the Plan.

The Defined Contribution Pension Plan also contains an additional benefit – the Retiree Medical Savings Plan (401h). This plan is also administered by Great-West Life & Annuity Insurance Company. All contributions to this plan are made by the County at 1.5 percent of pensionable earnings. Upon retirement, employees may receive disbursements from this account for eligible medical expenses. In 2005, the County contributed \$301,553 to this plan. Persons leaving County employment prior to retirement forfeit all rights or claims against the medical savings program and those funds are returned to the program for payment of expenses or redistribution in accordance with IRS §401h.

E. Discretely Presented Component Unit (Gwinnett County Public Library) Pension Plan

All "classified" personnel employed by regional and county libraries are covered by the Teachers Retirement System of Georgia (TRS), which is a cost sharing multiple employer Public Employee Retirement System (PERS). A "classified" person is one who works full-time or at least 20 hours a week (part-time).

The Library's payroll for employees covered by TRS for the year ended June 30, 2005, was \$8,025,862; total payroll was \$8,617,440. For the year ended June 30, 2004, covered employees payroll was \$7,214,916; total payroll was \$7,428,408. For the year ended 2003, covered employees' payroll was \$7,197,473; total payroll was \$7,402,840. Employees of the Library who are covered by TRS are required by State statute to pay five percent of their gross earnings to TRS. The Library makes monthly employer contributions to TRS at rates adopted by the TRS Board of Trustees in accordance with State statute and as advised by their independent actuary. At June 30, 2005, the TRS Library employer contribution rate was 9.24 percent.

Total contributions made during fiscal years 2005, 2004, and 2003 amounted to \$1,142,883, \$1,027,267, and \$1,024,915, respectively. For each year, the following are the amounts made by the Library and employees:

	Library	Employees	Total
2005	\$741,590	\$401,293	\$1,142,883
2004	666,569	360,698	1,027,267
2003	665,044	359,871	1,024,915

For 2005, these contributions represented 9.24 percent (Library) and 5.0 percent (employees) of covered payroll equal to the required contributions. The library's contribution was actuarially determined and represented 0.11 percent of total contributions made by all participating employers.

Complete financial statements for the TRS can be obtained at the following address:
 Two Northside 75, Suite 400
 Atlanta, GA 30381

Note 13. Other Post Employment Benefits

In addition to the pension benefits described in Note 12, the County provides post-retirement health care benefits, in accordance with County policies, to all employees who retire from the County on or after attaining age 65 with five years of service, or when the age plus years of credited service equal 75 for the Defined Benefit Pension Plan; or after attaining age 62 with three years of service or when the age plus years of credited service equal 65 for the Defined Contribution Pension Plan. Currently, 591 retirees meet those eligibility requirements and have elected Gwinnett County health coverage. In addition, there are 38 disabled and 28 COBRA eligible participants as of December 31, 2005. The County reimburses 80 percent of the amount of validated claims for medical, dental, and hospitalization costs incurred by these eligible participants. Expenditures for these post-retirement health care benefits are recognized as paid. During the year, expenditures of \$7,991,340 were recognized for post-retirement/termination health care. A summary of these expenditures by type for the year ended December 31, 2005, is as follows (in thousands of dollars):

591 Retirees	\$5,638
38 Disabled	2,014
28 COBRA	<u>339</u>
Total	<u>\$7,991</u>

2005 Claims for Active Employees:

For 2005, there were 3,736 active employees electing medical coverage through the Gwinnett County Risk Management Division. The average reimbursement is 80 percent of the amount of validated claims for medical, dental, and hospitalization costs incurred by these eligible participants. During the year, expenditures by type for the year ended December 31, 2005, is as follows (in thousands of dollars):

3,736 Active Employees	
Administrative Costs	\$ 2,303
Stop Loss Insurance	1,276
Claims Experience	<u>30,823</u>
Total	<u>\$ 34,402</u>

Note 14.

Reserved and Designated Fund Balances

Included in the revised investment policy adopted November 3, 2003, was a provision that a minimum of 1/12 of the total General Fund expenditures for the immediately preceding fiscal year be maintained as a designated portion of fund balance. The County designated General Fund fund balance at December 31, 2005, totaling 26 percent of the preceding fiscal year's General Fund expenditures. Reserved and designated fund balances in the various funds as of December 31, 2005, are as follows (in thousands of dollars):

Reserved for:	General	Other Capital Projects	1997 Sales Tax	2001 Sales Tax	2005 Sales Tax	Other Governmental Funds
Inventories	1,237	-	-	-	-	100
Prepaid Items	1,564	-	-	-	-	11,901
Long-term receivable	-	-	-	-	-	3,310
Total	2,801	-	-	-	-	\$15,311

Designated for:

Operating stability	\$74,203	-	-	-	-	-
Street lighting	-	-	-	-	-	4,297
Speed hump	-	-	-	-	-	593
Sheriff special operations	-	-	-	-	-	37
Police special investigations	-	-	-	-	-	2,480
Crime victims assistance	-	-	-	-	-	1,384
Corrections inmate welfare	-	-	-	-	-	213
Sheriff inmate store	-	-	-	-	-	1,095
E-911	-	-	-	-	-	16,059
Recreation district	-	-	-	-	-	24,359
Tourism	-	-	-	-	-	11,298

Grant	-	-	-	-	-	1,748
1992 Sales Tax	-	-	-	-	-	522
2003 GOB Construction	-	-	-	-	-	12,183
Sales Tax	-	-	145,096	257,221	73,503	-
Other capital projects	-	88,436	-	-	-	-
Debt service	-	-	-	-	-	21,003
Total	\$74,203	\$88,436	\$145,096	\$257,221	\$73,503	\$97,271

Note 15.

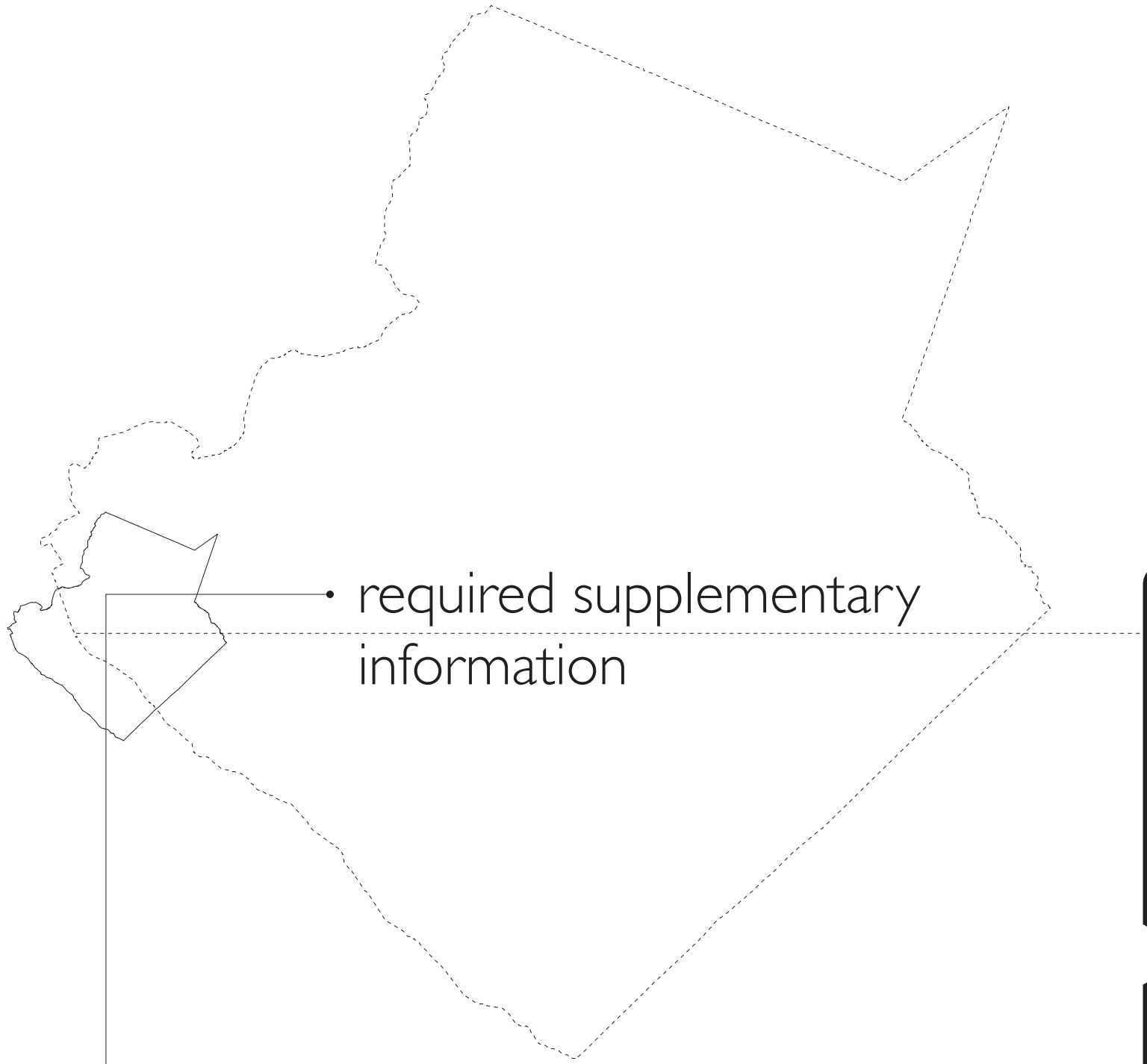
Contingencies

A. Litigation

The County is a defendant in a number of legal actions in the nature of claims for alleged damages to persons and property, wrongful death, violation of civil rights, employment issues, and other similar types of actions arising in the course of County operations. There are a number of these wrongful death, civil rights, and personal injury cases pending against the County, which in the aggregate, create a significant risk of liability exposure to the County. Management believes based upon the opinion of legal counsel that current reserves in the Risk Management Fund should be adequate to cover this exposure.

B. Grants

The County participates in a number of federal financial assistance programs. These programs are subject to independent financial and compliance audits by grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, will not have a material effect on the County's financial position.



• required supplementary
information



required supplementary information

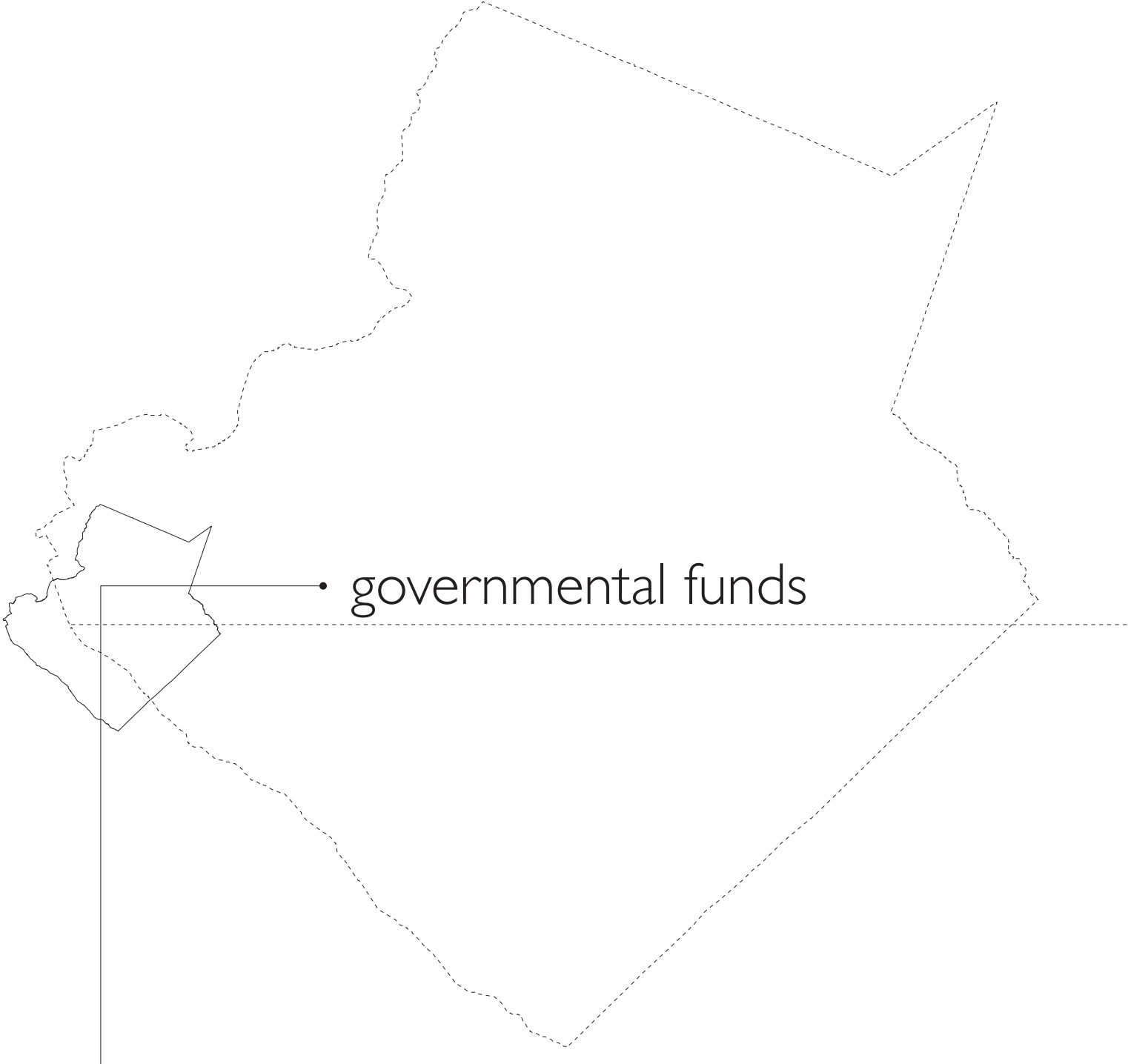
Required Supplementary Information Schedule of Funding Progress (unaudited) (in thousands of dollars)

Actuarial Valuation Date (12/31)	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded AAL (UAAL) (2) – (1)	(5) Annual Covered Payroll (Prior year)	(6) UAAL as a Percentage of Covered Payroll (4)/(5)
2004	\$296,963	\$335,160	88.6%	\$38,197	\$149,726	25.5%
2003	248,655	300,925	82.6%	52,270	140,658	37.2%
2002	205,066	253,298	81.0%	48,232	125,223	38.5%

Analysis of the dollar amounts of actuarial value of assets available for benefits, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of funded status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Plan. Trends in unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the Plan's progress in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the Plan.

For actuarial assumptions used in the actuarial valuation above, refer to Note 12 to the financial statements.

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• governmental funds



non-major governmental funds special revenue

Street Lighting Fund

The street lighting fund is used to account for the activities of the Street Lighting Program. Financing is provided through special assessments levied against properties benefiting from street lighting services.

Speed Hump Fund

This fund was established to account for activities of the County's Speed Hump Program. Financing is provided through special assessments levied against properties benefiting from speed humps.

Sheriff Special Operations Fund

This fund is maintained to account for financial transactions resulting from the confiscation of money or property from drug and narcotics dealers. The law states that any money or property confiscated in this manner shall be used to combat further abuse.

Police Special Investigations Fund

This fund is maintained to account for financial transactions resulting from the confiscation of money or property from drug and narcotics dealers. The law states that any money or property confiscated in this manner shall be used to combat further abuse.

Crime Victims Assistance Fund

This fund accounts for the transactions of the Crime Victims Assistance Fund. Revenues are derived from five percent of fines collected within the State, Superior, Recorder's, Municipal Recorder's, and Magistrate Courts of Gwinnett County. These funds are used to provide assistance to crime victims.

Corrections Inmate Welfare Fund

Certain funds received as proceeds from vending machine sales, commissary sales, and sales of confiscated assets are set aside to provide recreational materials for the benefit of the inmates at the Corrections Institute.

Sheriff Inmate Store Fund

Sale proceeds from the inmate commissary are set aside to provide recreational materials for Correctional Institute inmates.

E-911 Fund

The Emergency 911 Fund is used to account for emergency services which are provided to all county taxpayers. Financing is provided through user fees and charges, contributions from the General Fund, the Fire District Fund, and miscellaneous revenues such as interest income.

Fire District Funds

Fire District Funds are used to account for the operations and maintenance of fire protection services in the Fire District that are provided to all County taxpayers. These funds also account for the acquisition and construction of fire stations and fire fighting vehicles and equipment. Financing is provided through a specific annual property tax levy, miscellaneous revenues, which include interest and rental income, and installment notes. During 2005, this fund was closed and its assets were transferred to the General Fund.

debt service fund

capital projects funds

Recreation District Funds

Recreation District Funds include the combined accounts of the Recreation Authority and the Recreation Fund, which are used to account for the operations and maintenance of certain County parks and recreational facilities. Financing is provided by a specific annual property tax levy and miscellaneous revenues including admissions, concessions, and sports activity fees.

Grant Funds

The Grant Funds are used to account for funds received under federal and state grant programs and the matching transfers from other funds.

Tourism Fund

The Tourism Fund is used to account for the collection and disbursement of hotel/motel tax revenue.

Debt Service Fund

This fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

1992 Sales Tax Fund

To account for the financial resources provided from the 1992 one percent Special Purpose Local Option Sales Tax. Such resources are to be used for road improvements.

2003 GOB Construction

To account for the financial resources provided by proceeds from the issuance of General Obligation Bonds. The bonds were issued for the purpose of expanding the County's Pre-Trial Detention Center.

**other governmental funds
combining balance sheet
december 31, 2005
(in thousands of dollars)**

	Special Revenue Funds						
	Street Lighting	Speed Hump	Sheriff Special Operations	Police Special Investigations	Crime Victims Assistance	Corrections Inmate Welfare	Sheriff Inmate Store
ASSETS:							
Cash and cash equivalents	\$ 4,344	592	37	2,496	1,404	215	1,100
Investments	-	-	-	-	-	-	-
Receivables, net of allowance:							
Taxes	297	5	-	-	-	-	-
Accounts	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Due from component unit	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Prepaid assets	-	-	-	-	-	-	-
Total assets	<u>\$ 4,641</u>	<u>597</u>	<u>37</u>	<u>2,496</u>	<u>1,404</u>	<u>215</u>	<u>1,100</u>
LIABILITIES AND FUND BALANCES:							
Accounts payable	\$ 76	-	-	16	-	2	5
Other accrued	1	-	-	-	19	-	-
Accrued pension	-	-	-	-	1	-	-
Due to other funds	-	-	-	-	-	-	-
Due to component unit	-	-	-	-	-	-	-
Deferred revenue	267	4	-	-	-	-	-
Total liabilities	<u>344</u>	<u>4</u>	<u>-</u>	<u>16</u>	<u>20</u>	<u>2</u>	<u>5</u>
Fund balances:							
Reserved for inventories	-	-	-	-	-	-	-
Reserved for prepaid items	-	-	-	-	-	-	-
Reserved for long term receivable	-	-	-	-	-	-	-
Total reserved fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unreserved:							
Designated for special revenue funds	4,297	593	37	2,480	1,384	213	1,095
Designated for capital project funds	-	-	-	-	-	-	-
Designated for debt service funds	-	-	-	-	-	-	-
Total undesignated	<u>4,297</u>	<u>593</u>	<u>37</u>	<u>2,480</u>	<u>1,384</u>	<u>213</u>	<u>1,095</u>
Total fund balances	<u>4,297</u>	<u>593</u>	<u>37</u>	<u>2,480</u>	<u>1,384</u>	<u>213</u>	<u>1,095</u>
Total liabilities and fund balances	<u>\$ 4,641</u>	<u>597</u>	<u>37</u>	<u>2,496</u>	<u>1,404</u>	<u>215</u>	<u>1,100</u>

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E-911	Recreation District	Grant	Tourism	Total	Debt Service	Capital Project Funds			Total Other Governmental Funds
						1992 Sales Tax	2003 GOB Construction	Total	
15,580	18,620	618	11,113	56,119	9,003	3,228	16,837	20,065	85,187
-	2,993	-	-	2,993	-	-	1,500	1,500	4,493
-	1,269	-	-	1,571	759	-	-	-	2,330
793	63	-	489	1,345	27	254	-	254	1,626
-	-	9	-	9	-	-	-	-	9
-	-	1,725	-	1,725	-	-	-	-	1,725
-	3,310	-	-	3,310	-	-	-	-	3,310
-	100	-	-	100	-	-	-	-	100
-	8	-	-	8	11,893	-	-	-	11,901
16,373	26,363	2,352	11,602	67,180	21,682	3,482	18,337	21,819	110,681
129	536	454	130	1,348	-	90	6,151	6,241	7,589
185	282	150	-	637	-	373	-	373	1,010
-	1	-	-	2	-	-	-	-	2
-	-	-	-	-	-	2,497	3	2,500	2,500
-	-	-	174	174	-	-	-	-	174
-	1,185	-	-	1,456	679	-	-	-	2,135
314	2,004	604	304	3,617	679	2,960	6,154	9,114	13,410
-	100	-	-	100	-	-	-	-	100
-	8	-	-	8	11,893	-	-	-	11,901
-	3,310	-	-	3,310	-	-	-	-	3,310
-	3,418	-	-	3,418	11,893	-	-	-	15,311
16,059	20,941	1,748	11,298	60,145	-	-	-	-	60,145
-	-	-	-	-	-	522	12,183	12,705	12,705
-	-	-	-	-	9,110	-	-	-	9,110
16,059	20,941	1,748	11,298	60,145	9,110	522	12,183	12,705	81,960
16,059	24,359	1,748	11,298	63,563	21,003	522	12,183	12,705	97,271
16,373	26,363	2,352	11,602	67,180	21,682	3,482	18,337	21,819	110,681

**other governmental funds
combining statement of
revenues, expenditures, and
changes in fund balances
year ended december 31, 2005
(in thousands of dollars)**

	Special Revenue Funds							
	Street Lighting	Speed Hump	Sheriff Special Operations	Police Special Investigation	Crime Victims Assistance	Corrections Inmate Welfare	Sheriff Inmate Store	E-911
REVENUES:								
Taxes	\$ 7	-	-	-	-	-	-	-
Permits and licenses	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	27	-	-	-	-
Charges for Services	5,330	85	-	-	-	52	197	9,876
Investment income	101	13	-	76	41	6	29	359
Change in fair value of investments	-	-	-	-	-	-	-	-
Fines and Forfeitures	-	-	14	603	785	-	-	-
Miscellaneous	15	-	4	48	-	9	-	-
Total revenues	<u>5,453</u>	<u>98</u>	<u>18</u>	<u>754</u>	<u>826</u>	<u>67</u>	<u>226</u>	<u>10,235</u>
EXPENDITURES:								
Current operating:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	6	-	-	81	6,501
Judiciary	-	-	7	445	773	102	-	-
Public works	5,194	4	-	-	-	-	-	-
Health and welfare	-	-	-	-	63	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Grant programs	-	-	-	-	-	-	-	-
Tourism	-	-	-	-	-	-	-	-
Development authority	-	-	-	-	-	-	-	-
Capital outlay	-	-	5	166	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Total expenditures	<u>5,194</u>	<u>4</u>	<u>12</u>	<u>617</u>	<u>836</u>	<u>102</u>	<u>81</u>	<u>6,501</u>
Revenues in excess of (less than) expenditures	<u>259</u>	<u>94</u>	<u>6</u>	<u>137</u>	<u>(10)</u>	<u>(35)</u>	<u>145</u>	<u>3,734</u>
OTHER FINANCING SOURCES (USES):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(7,100)
Other financing sources (uses), net	-	-	-	-	-	-	-	(7,100)
Net change in fund balances	259	94	6	137	(10)	(35)	145	(3,366)
Fund balances - January 1	<u>4,038</u>	<u>499</u>	<u>31</u>	<u>2,343</u>	<u>1,394</u>	<u>248</u>	<u>950</u>	<u>19,425</u>
Fund balances - December 31	<u>\$ 4,297</u>	<u>593</u>	<u>37</u>	<u>2,480</u>	<u>1,384</u>	<u>213</u>	<u>1,095</u>	<u>16,059</u>

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Fire District	Recreation District	Grant	Tourism	Total	Debt Service	Capital Project Funds			Total Other Governmental Funds
						1992 Sales Tax	2003 GOB Construction	Total	
1,636	19,343	-	6,380	27,366	11,778	-	-	-	39,144
279	-	-	-	279	-	-	-	-	279
119	265	7,389	-	7,800	151	1,745	-	1,745	9,696
1	2,841	-	-	18,382	-	-	-	-	18,382
987	849	32	267	2,760	403	217	991	1,208	4,371
-	11	-	-	11	-	-	-	-	11
-	-	-	-	1,402	-	-	-	-	1,402
22	970	321	-	1,389	100	-	-	-	1,489
<u>3,044</u>	<u>24,279</u>	<u>7,742</u>	<u>6,647</u>	<u>59,389</u>	<u>12,432</u>	<u>1,962</u>	<u>991</u>	<u>2,953</u>	<u>74,774</u>
24	-	-	-	24	-	-	-	-	24
48,954	-	-	-	55,542	-	-	-	-	55,542
-	-	-	-	1,327	-	-	-	-	1,327
-	-	-	-	5,198	-	-	-	-	5,198
-	-	-	-	63	-	-	-	-	63
-	21,111	-	-	21,111	-	-	-	-	21,111
-	-	6,620	-	6,620	-	-	-	-	6,620
-	-	-	1,940	1,940	-	-	-	-	1,940
-	-	-	2,182	2,182	-	-	-	-	2,182
78	-	603	-	852	-	6,443	43,049	49,492	50,344
-	-	-	-	-	13,771	-	-	-	13,771
<u>49,056</u>	<u>21,111</u>	<u>7,223</u>	<u>4,122</u>	<u>94,859</u>	<u>13,771</u>	<u>6,443</u>	<u>43,049</u>	<u>49,492</u>	<u>158,122</u>
(46,012)	3,168	519	2,525	(35,470)	(1,339)	(4,481)	(42,058)	(46,539)	(83,348)
17	-	974	-	991	-	-	-	-	991
(2,515)	(3,349)	(42)	-	(13,006)	-	(2,466)	-	(2,466)	(15,472)
(2,498)	(3,349)	932	-	(12,015)	-	(2,466)	-	(2,466)	(14,481)
(48,510)	(181)	1,451	2,525	(47,485)	(1,339)	(6,947)	(42,058)	(49,005)	(97,829)
<u>48,510</u>	<u>24,540</u>	<u>297</u>	<u>8,773</u>	<u>111,048</u>	<u>22,342</u>	<u>7,469</u>	<u>54,241</u>	<u>61,710</u>	<u>195,100</u>
<u>-</u>	<u>24,359</u>	<u>1,748</u>	<u>11,298</u>	<u>63,563</u>	<u>21,003</u>	<u>522</u>	<u>12,183</u>	<u>12,705</u>	<u>97,271</u>

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budgetary compliance

Special Revenue Funds

Schedule of revenues, expenditures, and changes in fund balance – budget and actual

Capital Projects Funds

Schedule of revenues, expenditures, and changes in fund balance – budget and actual

Debt Service Fund

Schedule of revenues, expenditures, and changes in fund balance – budget and actual

Grant Fund

Schedule of revenues and expenditures, project length – budget and actual

**special revenue funds
schedule of revenues,
expenditures, and
changes in fund balance
budget and actual
(budget basis)
year ended december 31, 2005
(in thousands of dollars)**

	Street Lighting			Speed Hump		
	Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)
REVENUES:						
Taxes	\$ 7	7	-	-	-	-
Permits and licenses	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	5,330	5,330	-	85	85	-
Fines and forfeitures	-	-	-	-	-	-
Investment income	101	101	-	13	13	-
Miscellaneous	15	15	-	-	-	-
Total revenues	<u>5,453</u>	<u>5,453</u>	<u>-</u>	<u>98</u>	<u>98</u>	<u>-</u>
EXPENDITURES:						
Current operating:						
Public safety	-	-	-	-	-	-
Judiciary	-	-	-	-	-	-
Public works	5,198	5,194	4	31	4	27
Health & welfare	-	-	-	-	-	-
Culture & recreation	-	-	-	-	-	-
Tourism	-	-	-	-	-	-
Development Authority	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total expenditures	<u>5,198</u>	<u>5,194</u>	<u>4</u>	<u>31</u>	<u>4</u>	<u>27</u>
Revenues in excess of (less than) expenditures	<u>255</u>	<u>259</u>	<u>4</u>	<u>67</u>	<u>94</u>	<u>27</u>
OTHER FINANCING SOURCES (USES):						
Working capital reserve	(313)	-	313	(77)	-	77
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other financing sources (uses), net	<u>(313)</u>	<u>-</u>	<u>313</u>	<u>(77)</u>	<u>-</u>	<u>77</u>
Revenues and other financing sources in excess of (less than) expenditures and other financing uses	<u>(58)</u>	<u>259</u>	<u>317</u>	<u>(10)</u>	<u>94</u>	<u>104</u>
Fund balance allocation	-	-	-	-	-	-
Fund balances - January 1	-	4,038	4,038	-	499	499
Fund balances - December 31	<u>\$ (58)</u>	<u>4,297</u>	<u>4,355</u>	<u>(10)</u>	<u>593</u>	<u>603</u>

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Sheriff Special Operations			Police Special Investigations			Crime Victim Assistance		
Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	27	27	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	603	603	-	785	785	-
14	14	-	76	76	-	41	41	-
4	4	-	48	48	-	-	-	-
18	18	-	754	754	-	826	826	-
-	-	-	898	617	281	-	-	-
30	12	18	-	-	-	857	773	84
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	63	63	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
30	12	18	898	617	281	920	836	84
(12)	6	18	(144)	137	281	(94)	(10)	84
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(12)	6	18	338	137	281	(94)	(10)	84
25	-	(25)	(338)	-	338	131	-	(131)
-	31	31	-	2,343	2,343	-	1,394	1,394
13	37	24	-	2,480	2,962	37	1,384	1,347

(continued)

**special revenue funds
schedule of revenues,
expenditures, and changes
in fund balance
budget and actual
(budget basis) – continued
year ended december 31, 2005
(in thousands of dollars)**

	Corrections Inmate Welfare			Sheriff Inmate Store			E-911		
	Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)
REVENUES:									
Taxes	-	-	-	-	-	-	-	-	-
Permits and licenses	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	52	52	-	197	197	-	9,876	9,876	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Investment income	6	6	-	29	29	-	359	359	-
Miscellaneous	9	9	-	-	-	-	-	-	-
Total revenues	<u>67</u>	<u>67</u>	<u>-</u>	<u>226</u>	<u>226</u>	<u>-</u>	<u>10,235</u>	<u>10,235</u>	<u>-</u>
EXPENDITURES:									
Current operating:									
Public safety	143	102	41	-	-	-	14,871	6,501	8,370
Judiciary	-	-	-	143	81	62	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Health & welfare	-	-	-	-	-	-	-	-	-
Culture & recreation	-	-	-	-	-	-	-	-	-
Tourism	-	-	-	-	-	-	-	-	-
Development Authority	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Total expenditures	<u>143</u>	<u>102</u>	<u>41</u>	<u>143</u>	<u>81</u>	<u>62</u>	<u>14,871</u>	<u>6,501</u>	<u>8,370</u>
Revenues in excess of (less than) expenditures	<u>(76)</u>	<u>(35)</u>	<u>41</u>	<u>83</u>	<u>145</u>	<u>62</u>	<u>(4,636)</u>	<u>3,734</u>	<u>8,370</u>
OTHER FINANCING SOURCES (USES):									
Working capital reserve	-	-	-	(65)	-	65	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(7,100)	(7,100)	-
Other financing sources (uses), net	<u>-</u>	<u>-</u>	<u>-</u>	<u>(65)</u>	<u>-</u>	<u>65</u>	<u>(7,100)</u>	<u>(7,100)</u>	<u>-</u>
Revenues and other financing sources in excess of (less than) expenditures and other financing uses	<u>(76)</u>	<u>(35)</u>	<u>41</u>	<u>18</u>	<u>145</u>	<u>127</u>	<u>(11,736)</u>	<u>(3,366)</u>	<u>8,370</u>
Fund balance allocation	31	-	(31)	-	-	-	5,421	-	(5,421)
Fund balances - January 1	<u>-</u>	<u>248</u>	<u>248</u>	<u>-</u>	<u>950</u>	<u>950</u>	<u>-</u>	<u>19,425</u>	<u>19,425</u>
Fund balances - December 31	<u>(45)</u>	<u>213</u>	<u>258</u>	<u>18</u>	<u>1,095</u>	<u>1,077</u>	<u>(6,315)</u>	<u>16,059</u>	<u>22,374</u>

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Fire District			Recreation District			Tourism		
Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)
1,636	1,636	-	19,343	19,343	-	6,380	6,380	-
279	279	-	-	-	-	-	-	-
119	119	-	265	265	-	-	-	-
1	1	-	2,841	2,841	-	-	-	-
-	-	-	-	-	-	-	-	-
987	987	-	860	860	-	267	267	-
22	22	-	970	970	-	-	-	-
<u>3,044</u>	<u>3,044</u>	<u>-</u>	<u>24,279</u>	<u>24,279</u>	<u>-</u>	<u>6,647</u>	<u>6,647</u>	<u>-</u>
49,178	49,056	122	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	24,971	21,111	3,860	-	-	-
-	-	-	-	-	-	3,788	1,940	1,848
-	-	-	-	-	-	2,182	2,182	-
-	-	-	-	-	-	-	-	-
<u>49,178</u>	<u>49,056</u>	<u>122</u>	<u>24,971</u>	<u>21,111</u>	<u>3,860</u>	<u>5,970</u>	<u>4,122</u>	<u>1,848</u>
<u>(46,134)</u>	<u>(46,012)</u>	<u>122</u>	<u>(692)</u>	<u>3,168</u>	<u>3,860</u>	<u>677</u>	<u>2,525</u>	<u>1,848</u>
-	-	-	(124)	-	124	-	-	-
-	17	-	-	-	-	-	-	-
(9,918)	(2,515)	7,403	-	(3,349)	(3,349)	-	-	-
<u>(9,918)</u>	<u>(2,498)</u>	<u>7,403</u>	<u>(124)</u>	<u>(3,349)</u>	<u>(3,225)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(56,052)	(48,510)	7,525	(816)	(181)	635	677	2,525	1,848
47,778	-	(47,778)	-	-	-	-	-	-
-	48,510	48,510	-	24,540	24,540	-	8,773	8,773
<u>(8,274)</u>	<u>-</u>	<u>8,274</u>	<u>(816)</u>	<u>24,359</u>	<u>25,175</u>	<u>677</u>	<u>11,298</u>	<u>10,621</u>

**capital projects funds
schedule of revenues,
expenditures, and
changes in fund balances
budget and actual
(budget basis)
year ended december 31, 2005
(in thousands of dollars)**

	1992 Sales Tax			1997 Sales Tax			2001 Sales Tax		
	Budget	Actual	Variance-positive (negative)	Budget	Actual	Variance-positive (negative)	Budget	Actual	Variance-positive (negative)
REVENUES:									
Intergovernmental	\$ (989)	1,933	2,922	3,970	547	(3,423)	3,967	285	(3,682)
Sale tax proceeds	-	-	-	-	-	-	48,652	33,162	(15,490)
Investment income	40	217	177	1,870	4,206	2,336	1,400	8,316	6,916
Miscellaneous	-	(188)	(188)	-	65	65	302	285	(17)
Total revenues	(949)	1,962	2,911	5,840	4,818	(1,022)	54,321	42,048	(12,273)
EXPENDITURES:									
Capital outlay	8,789	6,443	2,346	135,975	33,933	102,042	223,302	65,728	157,574
Total expenditures	8,789	6,443	2,346	135,975	33,933	102,042	223,302	65,728	157,574
Revenues in excess of (less than) expenditures	(9,738)	(4,481)	5,257	(130,135)	(29,115)	101,020	(168,981)	(23,680)	145,301
OTHER FINANCING SOURCES (USES):									
Transfers in	-	-	-	-	2,214	2,214	-	252	252
Transfers out	-	(2,466)	-	-	(645)	(645)	-	-	-
Other financing sources (uses), net	-	(2,466)	-	-	1,569	1,569	-	252	252
Revenues and other financing sources in excess of (less than) expenditures and other financing uses	(9,738)	(6,947)	2,791	(130,135)	(27,546)	102,589	(168,981)	(23,428)	145,553
Fund balance allocation	9,738	-	(9,738)	130,135	-	(130,135)	168,981	-	(168,981)
Fund balances - January 1	-	7,469	7,469	-	172,642	172,642	-	280,649	280,649
Fund balances - December 31	\$ -	522	522	-	145,096	145,096	-	257,221	257,221

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2005 Sales Tax			2003 GOB Construction			Other Capital Projects		
Budget	Actual	Variance-positive (negative)	Budget	Actual	Variance-positive (negative)	Budget	Actual	Variance-positive (negative)
1,450	516	(934)	-	-	-	-	1,884	1,884
94,474	107,809	13,335	-	-	-	-	-	-
-	692	692	43	991	948	-	402	402
5	15	10	-	-	-	-	574	574
95,929	109,032	13,103	43	991	948	-	2,860	2,860
89,297	35,529	53,768	40,602	43,049	(2,447)	117,668	33,620	84,048
89,297	35,529	53,768	40,602	43,049	(2,447)	117,668	33,620	84,048
6,632	73,503	66,871	(40,559)	(42,058)	(1,499)	(117,668)	(30,760)	86,908
-	-	-	-	-	-	-	23,250	23,250
-	-	-	-	-	-	-	(768)	(768)
-	-	-	-	-	-	-	22,482	22,482
6,632	73,503	66,871	(40,559)	(42,058)	(1,499)	(117,668)	(8,278)	109,390
6,632	-	(6,632)	40,559	-	(40,559)	117,668	-	(117,668)
-	-	-	-	54,241	54,241	-	96,714	96,714
13,264	73,503	60,239	-	12,183	12,183	-	88,436	88,436

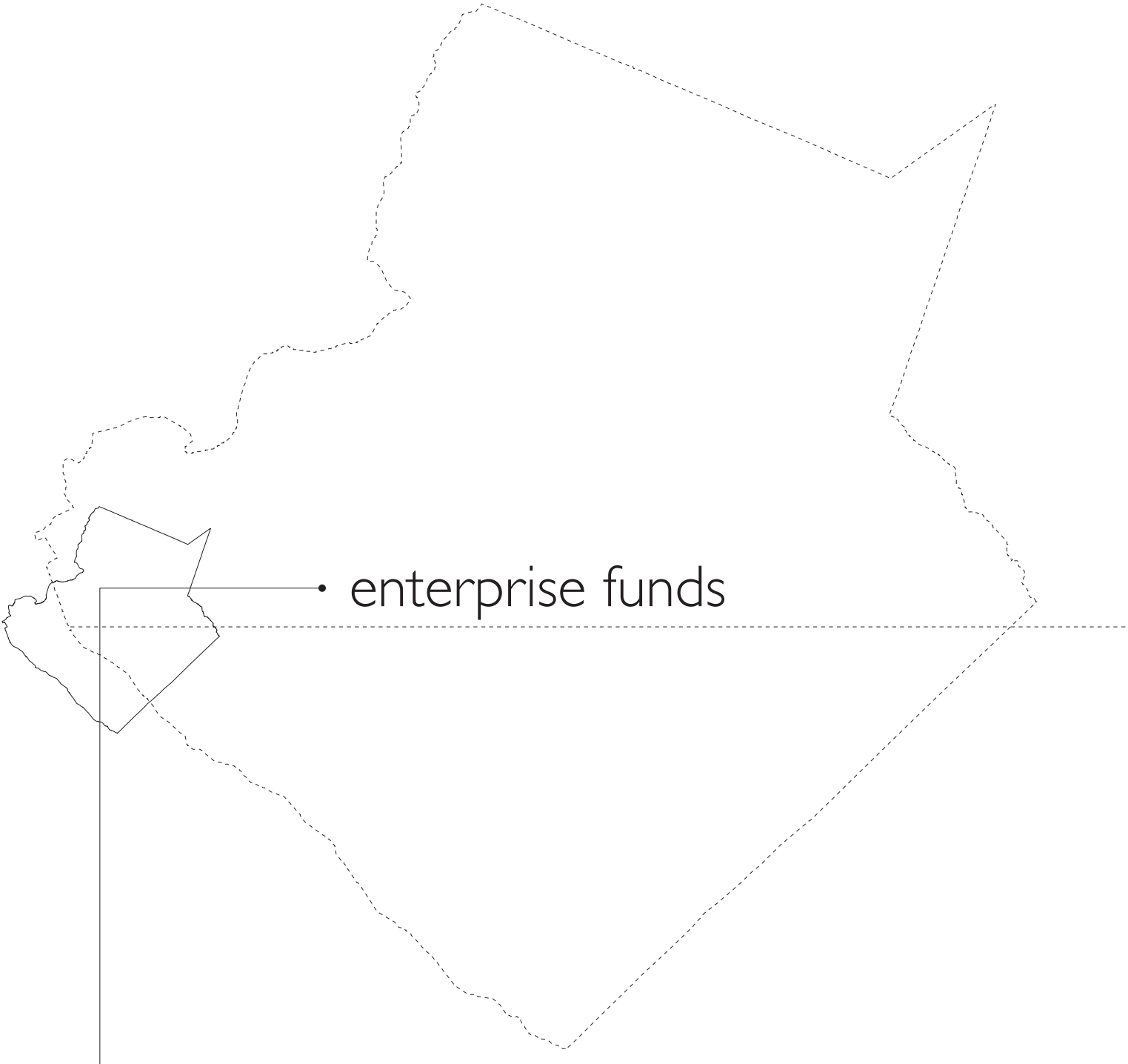
**debt service fund
schedule of revenues,
expenditures, and
changes in fund balance
budget and actual
(budget basis)
year ended december 31, 2005
(in thousands of dollars)**

	Debt Service Fund		
	Budget	Actual (non-GAAP budget basis)	Variance-positive (negative)
REVENUES:			
Taxes	\$ 11,778	11,778	-
Intergovernmental	151	151	-
Investment income	403	403	-
Miscellaneous	100	100	-
Total revenues	<u>12,432</u>	<u>12,432</u>	<u>-</u>
EXPENDITURES:			
Current operating:			
Debt service	<u>13,665</u>	<u>13,771</u>	<u>(106)</u>
Total expenditures	<u>13,665</u>	<u>13,771</u>	<u>(106)</u>
Revenues in excess of (less than) expenditures	(1,233)	(1,339)	(106)
Fund balance allocation	715	-	(715)
Fund balance - January 1	<u>-</u>	<u>22,477</u>	<u>22,477</u>
Fund balance - December 31	<u>\$ (518)</u>	<u>21,138</u>	<u>21,656</u>

**grant fund
schedule of revenues and
expenditures
project length budget
and actual
(budget basis)
project – length
(in thousands of dollars)**

	Grant Fund		
	Budget	Actual (non-GAAP budget basis)	Variance-positive (negative)
REVENUES:			
Intergovernmental revenues	\$ 10,608	10,320	(288)
EXPENDITURES:			
Program expenditures	10,608	10,320	288
Revenues in excess of (less than) expenditures	-	-	-

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• enterprise funds

other enterprise funds

Airport Funds

Airport Funds include the combined accounts of the Airport Enterprise Funds and the Airport Authority, which are used to account for the acquisition, construction, operations, and maintenance of the County airport, including financing and related debt service.

Solid Waste Funds

Solid Waste Funds are used to account for the operations as provided in the *Solid Waste Collection and Disposal Services Ordinance* which became effective May 1, 1991. The primary intent of the ordinance is the reduction of solid waste being received at disposal facilities. Revenues are derived from franchise fees paid by waste collectors.

Transit Funds

Transit Funds are used to account for the acquisition, improvement, maintenance, and operations of the Transit System. Revenues are derived from fares, federal and state grants, and local taxes. The Transit System began operations in 2001.

**other enterprise funds
combining statement
of net assets
december 31, 2005
(in thousands of dollars)**

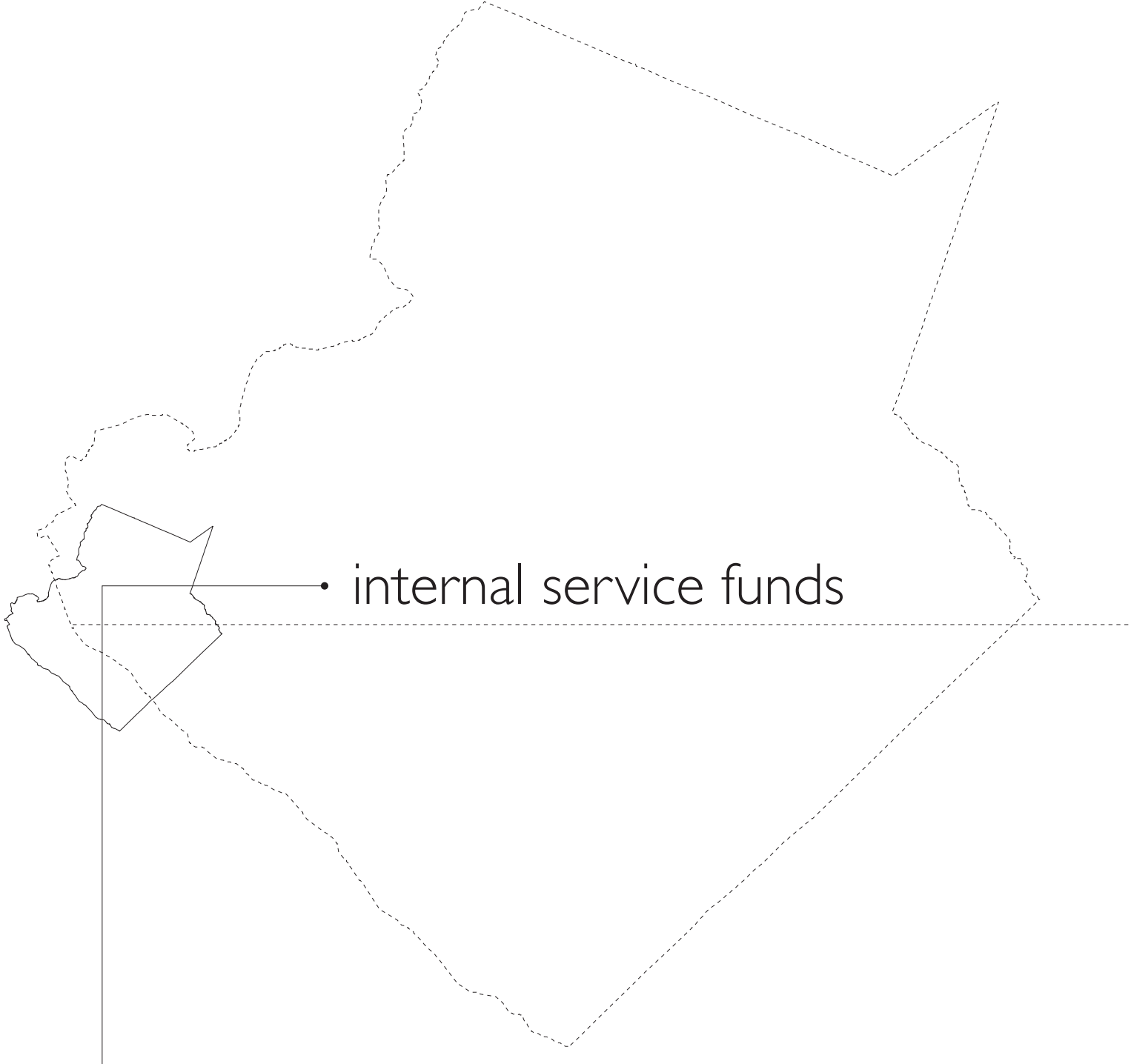
	Airport	Solid Waste	Transit	Total
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 2,191	5,227	8,980	16,398
Receivables, net of allowance:				
Accounts	73	-	1,273	1,346
Due from other funds	-	-	1	1
Total current assets	<u>2,264</u>	<u>5,227</u>	<u>10,254</u>	<u>17,745</u>
Noncurrent assets:				
Land and construction in progress	11,723	-	1,416	13,139
Other capital assets, net of depreciation	13,829	75	17,236	31,140
Total noncurrent assets	<u>25,552</u>	<u>75</u>	<u>18,652</u>	<u>44,279</u>
 Total assets	 <u>27,816</u>	 <u>5,302</u>	 <u>28,906</u>	 <u>62,024</u>
LIABILITIES:				
Current liabilities:				
Accounts payable	39	29	773	841
Payroll payable	9		13	22
Retainage payable	33	-		33
Due to other funds	9	-	-	9
Total current liabilities	<u>90</u>	<u>29</u>	<u>786</u>	<u>905</u>
Noncurrent liabilities:				
Accumulated leave benefits	16	-	14	30
Total noncurrent liabilities	<u>16</u>	<u>-</u>	<u>14</u>	<u>30</u>
Total liabilities	<u>106</u>	<u>29</u>	<u>800</u>	<u>935</u>
NET ASSETS:				
Invested in capital assets, net of related debt	25,552	75	18,652	44,279
Unrestricted	2,158	5,198	9,454	16,810
Total net assets	<u>\$ 27,710</u>	<u>5,273</u>	<u>28,106</u>	<u>61,089</u>

**other enterprise funds
combining statement of
revenues, expenses, and
changes in fund net assets
year ended december 31, 2005
(in thousands of dollars)**

	Airport	Solid Waste	Transit	Total
OPERATING REVENUES:				
Operating lease income and rental income				
from individual hangars	\$ 193	-	-	193
Intergovernmental	433	-	-	433
User fees and charges	-	-	2,551	2,551
Miscellaneous	607	947	4	1,558
Total operating revenues	<u>1,233</u>	<u>947</u>	<u>2,555</u>	<u>4,735</u>
OPERATING EXPENSES:				
Depreciation	1,192	2	3,359	4,553
Transit operations	-	-	10,405	10,405
General and administrative	532	348	-	880
Total operating expenses	<u>1,724</u>	<u>350</u>	<u>13,764</u>	<u>15,838</u>
Operating income (loss)	<u>(491)</u>	<u>597</u>	<u>(11,209)</u>	<u>(11,103)</u>
NONOPERATING REVENUES (EXPENSES):				
Interest income	58	118	281	457
Gain on sale of fixed asset	1	-	-	1
Total nonoperating revenues (expenses)	<u>59</u>	<u>118</u>	<u>281</u>	<u>458</u>
Income (loss) before transfers and contributions	<u>(432)</u>	<u>715</u>	<u>(10,928)</u>	<u>(10,645)</u>
Capital contributions	459	-	2,185	2,644
Transfers in	-	-	6,771	6,771
Transfers out	-	(229)	-	(229)
Change in net assets	<u>27</u>	<u>486</u>	<u>(1,972)</u>	<u>(1,459)</u>
Net Assets - January 1	<u>27,683</u>	<u>4,787</u>	<u>30,078</u>	<u>62,548</u>
Net Assets - December 31	<u><u>\$ 27,710</u></u>	<u><u>5,273</u></u>	<u><u>28,106</u></u>	<u><u>61,089</u></u>

**other enterprise funds
combining statement
of cash flows
year ended december 31, 2005
(in thousands of dollars)**

	Airport	Solid Waste	Transit	Total
Cash flows from operating activities:				
Cash received from customers	\$ 1,309	947	1,833	4,089
Cash payments to suppliers for goods and services	(141)	(319)	(10,376)	(10,836)
Cash payments to employees for services	(545)	-	-	(545)
Net cash flows provided (required) by operating activities	<u>623</u>	<u>628</u>	<u>(8,543)</u>	<u>(7,292)</u>
Cash flows from noncapital financial activities:				
Transfers (to) / from other funds	-	(229)	6,771	6,542
Net cash provided (required) by noncapital activities	<u>-</u>	<u>(229)</u>	<u>6,771</u>	<u>6,542</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(712)	-	(97)	(809)
Capital contributed by others	459	-	2,185	2,644
Net cash provided (required) by capital and related financing activities	<u>(253)</u>	<u>-</u>	<u>2,088</u>	<u>1,835</u>
Cash flows from investing activities:				
Interest on investments	59	118	281	458
Net cash provided by investing activities	<u>59</u>	<u>118</u>	<u>281</u>	<u>458</u>
Net increase in cash and cash equivalents	429	517	597	1,543
Cash and cash equivalents at beginning of year	1,762	4,710	8,383	14,855
Cash and cash equivalents at end of year	<u>\$ 2,191</u>	<u>5,227</u>	<u>8,980</u>	<u>16,398</u>
Reconciliation of operating income to net cash provided by operating activities:				
Cash flows from operating activities:				
Operating income (loss)	\$ (491)	597	(11,209)	(11,103)
Adjustments to reconcile operating income (loss) to net cash provided/ (required) by operating activities				
Depreciation	1,192	2	3,359	4,553
Change in assets and liabilities:				
(Increase) decrease in receivables	75	-	(720)	(645)
Increase (decrease) in payables	(162)	29	24	(109)
Increase (decrease) in other liabilities	9	-	3	12
Net cash provided/(required) by operating activities	<u>\$ 623</u>	<u>628</u>	<u>(8,543)</u>	<u>(7,292)</u>



• internal service funds

internal service funds

Group Insurance Fund

To account for charges to other funds and contributions from employees and for the payment of health, disability, and life insurance premiums and benefits.

Risk Management Fund

To account for charges to other funds and for the payment of workers' compensation claims and liability claims.

Automotive Management and Service Fund

To account for monies to be utilized for the future acquisition and service of automotive vehicles and equipment.

Automotive Liability

To account for monies to be utilized for future automotive accident expenses.

**internal service funds
combining statement
of net assets
december 31, 2005
(in thousands of dollars)**

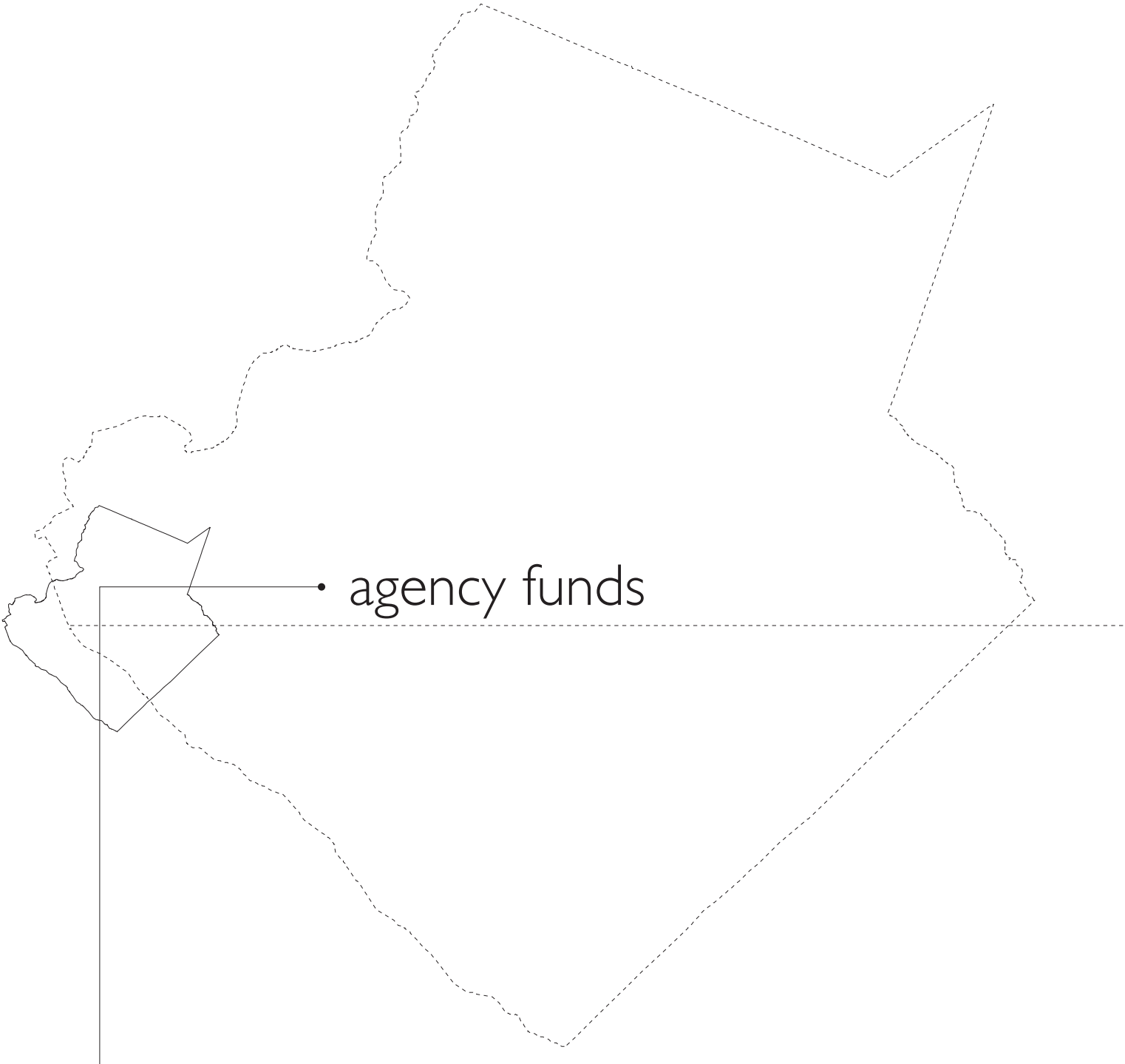
	Group Insurance	Risk Management	Automotive Management and Service	Auto Liability Fund	Total
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ 30,817	23,570	23,074	534	77,995
Receivables, net of allowance:					
Accounts	88	301	67	-	456
Due from other funds	20	1	-	-	21
Due from other governments	-	-	2,012	-	2,012
Inventories	-	-	526	-	526
Prepaid assets	-	-	2	-	2
Total current assets	<u>30,925</u>	<u>23,872</u>	<u>25,681</u>	<u>534</u>	<u>81,012</u>
Other capital assets, net of depreciation	-	-	6,955	-	6,955
Total assets	<u>30,925</u>	<u>23,872</u>	<u>32,636</u>	<u>534</u>	<u>87,967</u>
LIABILITIES:					
Current liabilities:					
Accounts payable	2,168	313	2,062	9	4,552
Estimated claims payable-current	3,000	6,289	-	-	9,289
Due to other funds	-	1	-	-	1
Total current liabilities	<u>5,168</u>	<u>6,603</u>	<u>2,062</u>	<u>9</u>	<u>13,842</u>
Estimated claims payable-noncurrent	-	4,804	-	-	4,804
Accumulated leave benefits	28	40	94	-	162
Total liabilities	<u>5,196</u>	<u>11,447</u>	<u>2,156</u>	<u>9</u>	<u>18,808</u>
NET ASSETS:					
Invested in capital assets, net of related debt	-	-	6,955	-	6,955
Unrestricted	25,729	12,425	23,525	525	62,204
Total net assets	<u>\$ 25,729</u>	<u>12,425</u>	<u>30,480</u>	<u>525</u>	<u>69,159</u>

**internal service funds
combining statement of
revenues, expenses, and
changes in fund net assets
year ended december 31, 2005
(in thousands of dollars)**

	Group Insurance	Risk Management	Automotive Management and Service	Auto Liability Fund	Total
OPERATING REVENUES:					
Charges to other funds	\$ 34,565	7,049	12,914	724	55,252
Employee contributions	7,400	-	-	-	7,400
Miscellaneous	199	16	127	1	343
Total operating revenues	<u>42,164</u>	<u>7,065</u>	<u>13,041</u>	<u>725</u>	<u>62,995</u>
OPERATING EXPENSES:					
Vehicle maintenance and repair	-	-	7,119	-	7,119
Benefit claims	38,808	2,228	-	200	41,236
Insurance premiums	3,104	2,343	-	-	5,447
Depreciation and amortization	-	-	3,597	-	3,597
General and administrative	4,329	1,828	-	5	6,162
Total operating expenses	<u>46,241</u>	<u>6,399</u>	<u>10,716</u>	<u>205</u>	<u>63,561</u>
Operating income (loss)	<u>(4,077)</u>	<u>666</u>	<u>2,325</u>	<u>520</u>	<u>(566)</u>
NONOPERATING REVENUES:					
Interest income	710	571	559	5	1,845
Loss on disposal of capital asset	-	-	(40)	-	(40)
Total nonoperating revenues	<u>710</u>	<u>571</u>	<u>519</u>	<u>5</u>	<u>1,805</u>
Change in net assets	(3,367)	1,237	2,844	525	1,239
Net assets - January 1	<u>29,096</u>	<u>11,188</u>	<u>27,636</u>	<u>-</u>	<u>67,920</u>
Net assets - December 31	<u>\$ 25,729</u>	<u>12,425</u>	<u>30,480</u>	<u>525</u>	<u>69,159</u>

**internal service funds
combining statement
of cash flows
year ended
december 31, 2005
(in thousands of dollars)**

	Group Insurance	Risk Management	Automotive Management and Service	Auto Liability	Total
Cash flows from operating activities:					
Cash received from customers	\$ 43,412	7,064	12,236	729	63,441
Cash payments to suppliers for goods and services	(2,958)	(1,255)	(3,344)	-	(7,557)
Cash payments to employees for services	(568)	(834)	(2,647)	-	(4,049)
Claims and premiums paid	(41,912)	(4,501)	-	(200)	(46,613)
Net cash flows provided (required) by operating activities	(2,026)	474	6,245	529	5,222
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	-	-	(4,035)	-	(4,035)
Net cash required by capital and related financing activities	-	-	(4,035)	-	(4,035)
Cash flows from investing activities:					
Net change in investment pools	1,966	1,972	-	-	3,938
Interest on investments	710	571	559	5	1,845
Net cash provided by investing activities	2,676	2,543	559	5	5,783
Net increase in cash and cash equivalents	650	3,017	2,769	534	6,970
Cash and cash equivalents at beginning of year	30,167	20,553	20,305	-	71,025
Cash and cash equivalents at end of year	\$ 30,817	23,570	23,074	534	77,995
Reconciliation of operating income to net cash provided by operating activities:					
Cash flows from operating activities:					
Operating income (loss)	\$ (4,077)	666	2,325	520	(566)
Adjustments to reconcile operating income (loss) to net cash provided/ (required) by operating activities					
Depreciation	-	-	3,597	-	3,597
Change in assets and liabilities:					
(Increase) decrease in receivables	1,251	4	(550)	-	705
(Increase) decrease in inventories	-	-	(513)	-	(513)
Increase (decrease) in payables	841	(208)	1,464	9	2,106
Increase (decrease) in other liabilities	(41)	12	(78)	-	(107)
Net cash provided/(required) by operating activities	\$ (2,026)	474	6,245	529	5,222



• agency funds

agency funds

Tax Commissioner

To account for the collection of property taxes, motor vehicle tag and title fees, fees for recording intangibles, etc., which are disbursed to various taxing units.

Clerk of Court

To account for the collection of various fines, forfeitures, jury fund receipts, real estate transfer taxes, fees, civil awards, etc., which are disbursed to other parties.

Recorder's Court

To account for the collection of various fines and forfeitures (mostly traffic violations) which are disbursed to other parties.

Sheriff

To account for the collection of cash bonds, fines, forfeitures, fifas, etc., which are disbursed to other parties.

Probate Court

To account for the collection of fees for firearms, licenses, certificates, marriage licenses, etc., which are disbursed to other parties.

Juvenile Court

To account for the collection of probation supervision fees, which are disbursed to other parties.

Corrections

To account for funds being held on inmate's behalf, which are disbursed to other parties on behalf of the inmate.

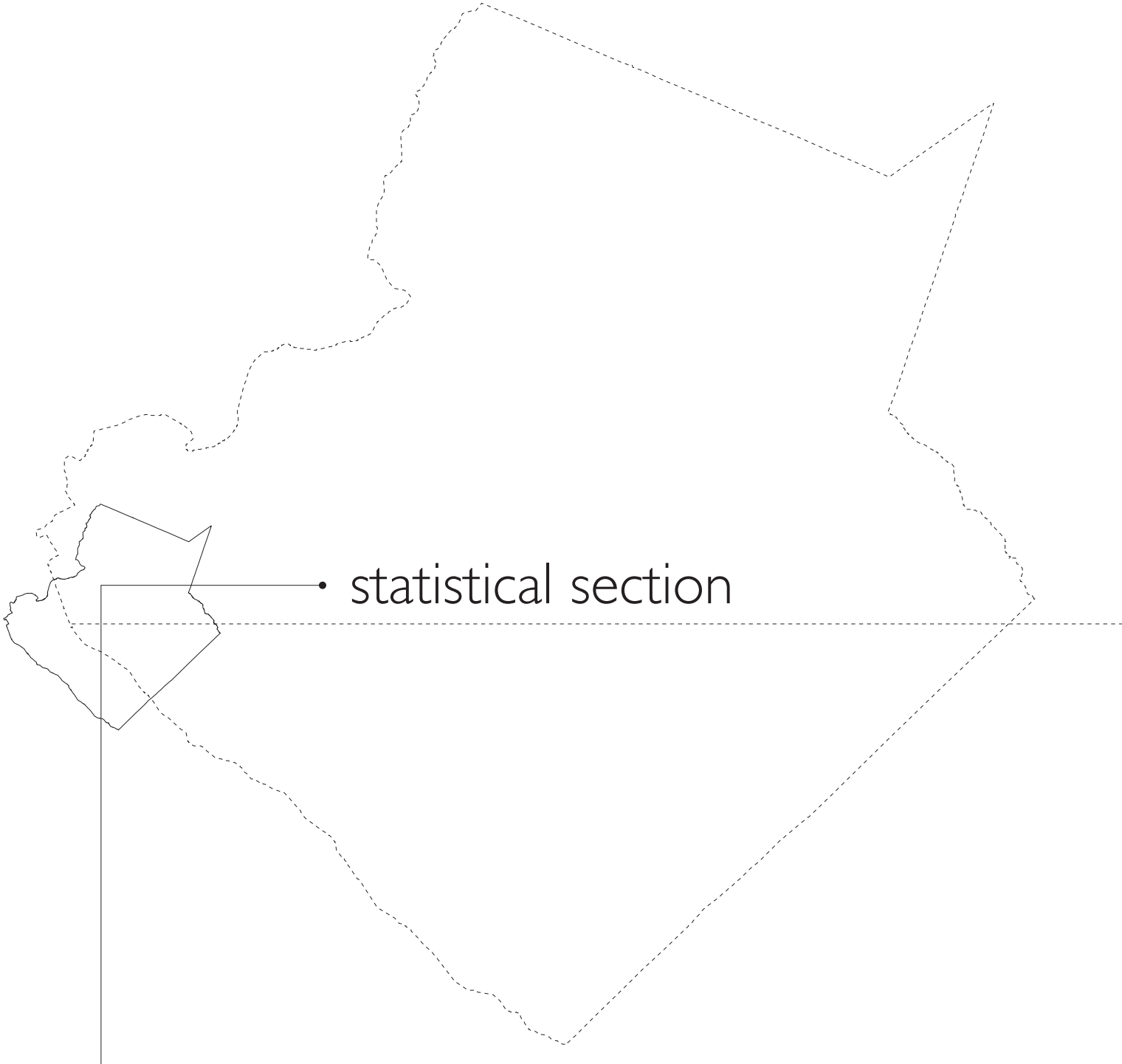
**agency funds
combining statement of
fiduciary assets and liabilities
december 31, 2005
(in thousands of dollars)**

	Tax Commissioner	Clerk of the Courts	Recorder's Court	Sheriff	Probate Court	Juvenile Court	Corrections	Total
ASSETS:								
Cash and cash equivalents	\$ 6,856	31,922	682	803	22	138	17	40,440
Taxes receivable	40,020	-	-	-	-	-	-	40,020
Total	\$ 46,876	31,922	682	803	22	138	17	80,460
LIABILITIES:								
Due to others	\$ 46,876	31,922	682	803	22	138	17	80,460
Total	\$ 46,876	31,922	682	803	22	138	17	80,460

**agency funds
combining statement of
changes in fiduciary
assets and liabilities
year ended december 31, 2005
(in thousands of dollars)**

	Balance January 1, 2005	Additions	Deductions	Balance December 31, 2005
TAX COMMISSIONER:				
Cash and cash equivalents	\$ 4,384	521,241	518,769	6,856
Taxes receivable	15,426	234,371	209,777	40,020
Total	<u>\$ 19,810</u>	<u>755,612</u>	<u>728,546</u>	<u>46,876</u>
Due to others	<u>19,810</u>	<u>755,612</u>	<u>728,546</u>	<u>46,876</u>
CLERK OF COURTS:				
Cash and cash equivalents	\$ 14,373	92,443	74,894	31,922
Due to others	14,373	92,443	74,894	31,922
RECORDER'S COURT:				
Cash and cash equivalents	\$ 491	3,356	3,165	682
Due to others	491	3,356	3,165	682
SHERIFF:				
Cash and cash equivalents	\$ 1,091	8,956	9,244	803
Due to others	1,091	8,956	9,244	803
PROBATE COURT:				
Cash and cash equivalents	\$ 212	241	431	22
Due to others	212	241	431	22
JUVENILE COURT:				
Cash and cash equivalents	\$ 95	191	148	138
Due to others	95	191	148	138
CORRECTIONS:				
Cash and cash equivalents	\$ 45	581	609	17
Due to others	45	581	609	17
TOTAL:				
Cash and cash equivalents	\$ 20,691	627,009	607,260	40,440
Taxes receivable	15,426	234,371	209,777	40,020
Total	<u>\$ 36,117</u>	<u>861,380</u>	<u>817,037</u>	<u>80,460</u>
Due to others	<u>36,117</u>	<u>861,380</u>	<u>817,037</u>	<u>80,460</u>

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• statistical section

**statistical section
(unaudited)**

The statistical section includes selected financial and general information often presented on a multi-year comparative basis. The statistics are used to provide detailed data on the physical, economic, social, and political characteristics of the County Government.

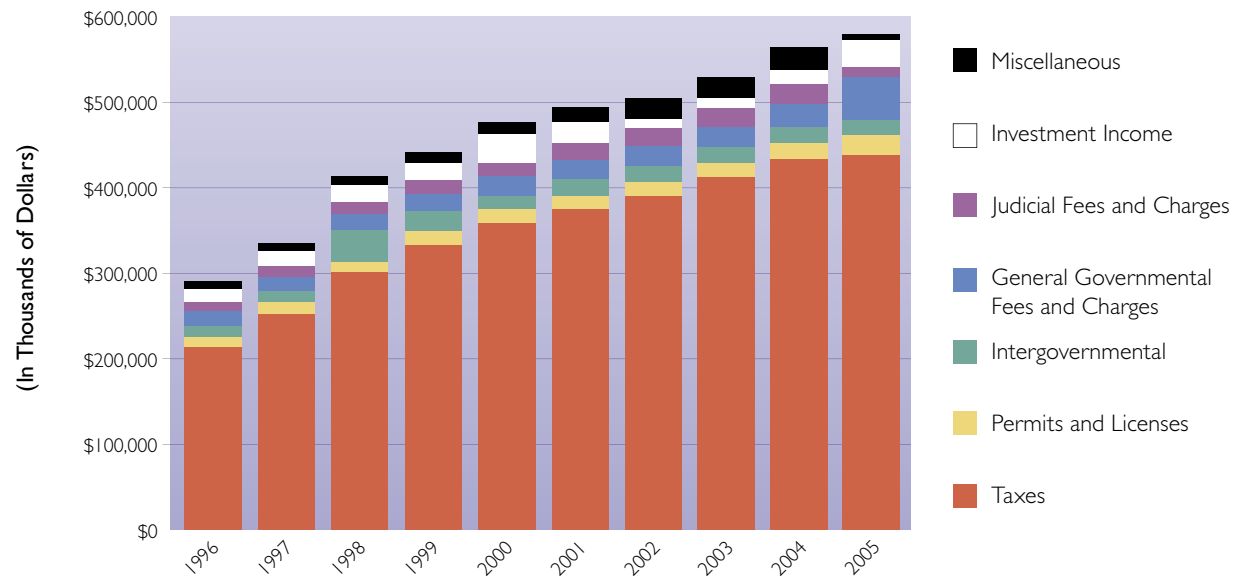


general government revenues by source ⁽¹⁾ last 10 years (in thousands of dollars)

Fiscal Year	Taxes		Permits and Licenses		Intergovernmental		General Governmental Fees and Charges		Judicial Fees and Charges	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
1996	213,340	73.1%	12,343	4.2%	13,733	4.7%	15,863	5.4%	11,844	4.1%
1997	253,440	75.6%	12,860	3.8%	13,399	4.0%	17,174	5.1%	12,104	3.6%
1998	300,985	72.7%	13,328	3.2%	35,990	8.7%	19,790	4.8%	13,715	3.3%
1999	333,257	75.3%	15,085	3.4%	25,419	5.7%	20,039	4.5%	15,072	3.4%
2000	360,086	75.4%	15,939	3.3%	15,995	3.4%	21,657	4.5%	16,167	3.4%
2001	374,929	75.8%	16,828	3.4%	18,520	3.8%	22,907	4.6%	18,777	3.8%
2002	390,942	77.4%	16,422	3.3%	18,720	3.7%	22,502	4.4%	21,378	4.2%
2003	410,772	78.0%	16,435	3.1%	17,616	3.3%	24,358	4.6%	22,372	4.2%
2004	433,041	77.7%	17,188	3.1%	20,080	3.6%	25,383	4.5%	24,006	4.3%
2005	442,762	76.3%	22,590	3.9%	17,619	3.1%	55,775	9.6%	12,345	2.1%

NOTES: (1) General government revenues include revenues for General, Special Revenue, Debt Service and Capital Projects Funds.

(2) Investment income includes \$249 restatement for GASB 31 implementation.

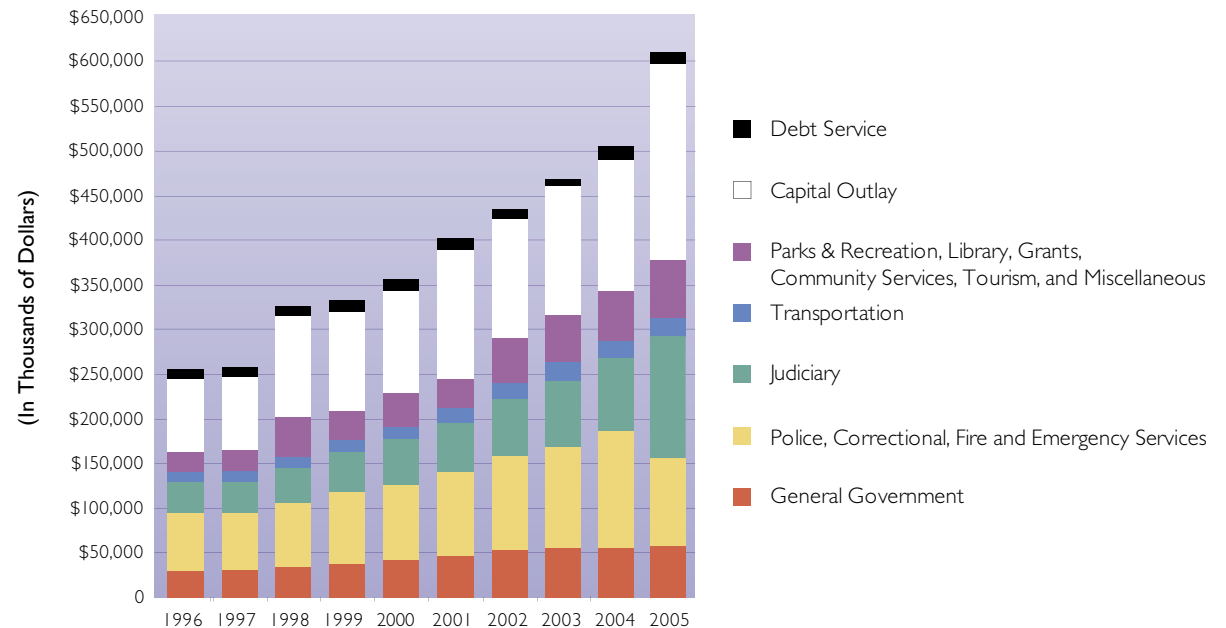


Investment Income		Miscellaneous		Total		Annual Percentage Increase (Decrease)
Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	
15,195	5.2%	9,679	3.3%	291,997	100.0%	(8.2%)
17,106	5.1%	9,197	2.8%	335,280	100.0%	14.8% ⁽²⁾
18,856	4.6%	11,533	2.7%	414,197	100.0%	23.5%
21,086	4.8%	12,693	2.9%	442,651	100.0%	6.9%
32,903	6.9%	14,783	3.1%	477,530	100.0%	7.9%
24,486	5.0%	18,015	3.6%	494,462	100.0%	3.5%
11,579	2.3%	23,748	4.7%	505,291	100.0%	2.2%
11,690	2.2%	24,329	4.6%	527,572	100.0%	4.4%
11,684	2.1%	26,109	4.7%	557,491	100.0%	5.7%
22,716	3.9%	6,261	1.1%	580,068	100.0%	4.0%

general government expenditures by function⁽¹⁾ last 10 years (in thousands of dollars)

Function	1996		1997		1998		1999		2000	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
General Government	\$ 30,538	11.9%	\$ 31,456	12.2%	\$ 35,361	10.8%	\$ 38,576	11.6%	\$ 42,751	12.0%
Police, Correctional, Fire and Emergency Services	64,399	25.1%	63,862	24.7%	71,143	21.8%	79,813	24.0%	84,537	23.7%
Judiciary	34,054	13.2%	34,930	13.5%	39,309	12.1%	44,955	13.5%	49,144	13.8%
Transportation	11,180	4.4%	11,980	4.6%	13,034	4.0%	14,277	4.3%	14,671	4.1%
Parks & Recreation, Library, Grants, Community Services, Tourism, and Miscellaneous	22,280	8.7%	23,291	9.0%	43,877	13.5%	30,658	9.2%	38,803	10.9%
Capital Outlay	82,041	32.0%	80,968	31.4%	111,373	34.2%	112,054	33.8%	114,229	32.1%
Debt Service	12,078	4.7%	11,885	4.6%	11,834	3.6%	11,858	3.6%	12,291	3.4%
Total	256,570	100.0%	258,372	100.0%	325,931	100.0%	332,191	100.0%	356,426	100.0%
Annual Increase or Decrease		(1.9%)		0.7%		26.1%		1.9%		7.3%

NOTE: (1) General Government Expenditures include expenditures for General, Special Revenue, Debt Service, and Capital Projects Funds. (2) The Fire Fund was closed in 2005 resulting in costs being included in the General Fund in 2006.

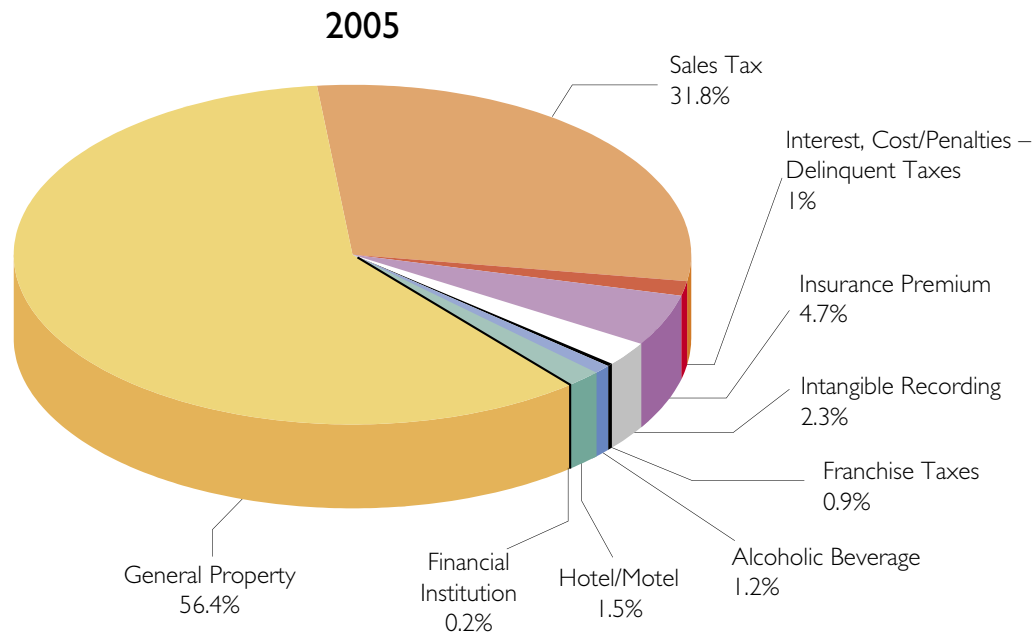


2001		2002		2003		2004		2005 ⁽²⁾	
Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
\$ 47,199	11.8%	\$ 53,857	12.4%	\$ 55,186	11.8%	\$ 55,554	11.0%	\$ 58,117	9.5%
92,913	23.1%	104,912	24.1%	114,720	24.5%	130,889	25.9%	138,885	22.7%
56,643	14.1%	64,353	14.8%	72,584	15.5%	80,716	16.0%	92,058	15.0%
15,409	3.8%	16,974	3.9%	21,530	4.6%	19,424	3.8%	20,056	3.3%
32,935	8.2%	51,608	11.9%	52,352	11.2%	58,186	11.5%	69,351	11.3%
144,691	36.0%	132,347	30.4%	145,035	31.0%	146,382	28.9%	219,291	35.9%
11,897	3.0%	10,907	2.5%	7,149	1.4%	14,572	2.9%	13,771	2.3%
401,687	100.0%	434,958	100.0%	468,556	100.0%	505,723	100.0%	611,529	100.0%
	12.7%		8.3%		7.7%		7.9%		20.9%

local tax revenues by source last 10 years (in thousands of dollars)

TAX	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
General Property	\$ 163,561	\$ 168,208	\$ 174,302	\$ 193,604	\$ 210,686	\$ 213,718	\$ 229,530	\$ 244,472	\$ 255,744	\$ 249,605
Sales Tax	25,570	59,770	97,689	109,613	118,341	122,178	119,557	119,802	131,831	140,971
Alcoholic Beverage	3,732	3,958	4,286	4,634	4,978	5,034	4,950	5,082	5,250	5,348
Insurance Premium	9,204	9,685	10,153	10,306	10,867	15,128	16,705	17,915	19,384	20,700
Intangible Recording	3,395	3,910	5,876	5,737	4,806	8,123	9,228	12,148	9,353	10,172
Financial Institution License	614	764	540	641	624	556	765	700	698	805
Franchise Taxes*										4,169
Hotel/Motel	4,156	4,338	5,004	5,330	5,748	5,970	5,408	5,181	5,716	6,380
Interest, Cost, and Penalties on Delinquent Taxes	3,108	2,807	3,135	3,392	4,036	4,222	4,799	5,472	5,035	4,612
	\$213,340	\$253,440	\$300,985	\$333,257	\$360,086	\$374,929	\$390,942	\$410,772	\$433,011	\$442,762

*Franchise Taxes have been reported separately for 2005 due to the significant amount



assessed and estimated value of taxable property⁽¹⁾ last 10 years

Fiscal Year	Real and Personal Property		Motor Vehicle and Mobile Home ⁽²⁾		Assessed Value ⁽⁴⁾	Total Estimated Actual Value	Assessment Ratio
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value			
1996	11,187,537,694	27,968,844,235	1,135,291,006	2,838,227,515	12,322,828,700	30,807,071,750	40%
1997	12,202,819,994	30,507,049,985	1,293,586,218	3,233,965,545	13,496,406,212	33,741,015,530	40%
1998	13,091,255,195	32,728,137,988	1,397,801,000	3,494,502,500	14,489,056,195	36,222,640,488	40%
1999	15,768,254,736 ⁽³⁾	39,420,636,840	1,590,458,000	3,976,145,000	17,358,712,736	43,396,781,840	40%
2000	17,269,856,843	43,174,642,108	1,633,260,640	4,083,151,600	18,903,117,483	47,257,793,708	40%
2001	19,123,400,143	47,808,500,358	1,805,322,650	4,513,306,625	20,928,722,793	52,321,806,983	40%
2002	20,933,606,750	52,334,016,875	1,938,619,950	4,846,549,875	22,872,226,700	57,180,566,750	40%
2003	22,400,023,047	56,000,057,618	1,978,328,470	4,945,821,175	24,378,351,517	60,945,878,793	40%
2004	23,911,880,967	59,779,702,418	1,978,741,100	4,946,852,750	25,890,622,067	64,726,555,168	40%
2005	25,467,176,449	63,667,941,123	1,933,719,798	4,834,299,495	27,400,896,247	68,502,240,618	40%

NOTES: (1) Tax digest for local levies; gross values before exemptions. (2) For purposes of ad valorem taxation, motor vehicles and mobile homes are treated as a separate and distinct class of tangible property. (3) The significant increase in property value from 1998 to 1999 is the result of a major reappraisal in 1999. (4) All valuations are from the State certified digests updated with additional adjustments made during the year.

real property value last 10 years

TAXABLE PROPERTY:	1996	1997	1998	1999 ⁽¹⁾	2000	2001
Residential	\$ 14,326,195,875	\$ 15,513,097,850	\$ 16,626,224,525	\$ 20,318,865,450	\$ 22,514,047,375	\$ 25,632,121,800
Commercial	6,509,209,100	7,239,770,500	7,828,406,000	9,693,595,775	10,060,722,375	8,840,007,275
Industrial	634,494,350	545,325,900	552,072,775	1,183,192,500	1,657,339,450	3,932,393,175
Other	764,521,360	794,739,260	827,336,438	930,317,710	1,015,613,333	1,047,888,415
Total Taxable	\$ 22,234,420,685	\$ 24,092,933,510	\$ 25,834,039,738	\$ 32,125,971,435	\$ 35,247,722,533	\$ 39,452,410,665
TAX EXEMPT PROPERTY:						
Non-Profit Homes for the Aged ⁽¹⁾	1,044,800	2,681,200	2,681,200	3,108,600	3,108,600	3,108,600
Public Property	437,882,900	459,635,900	519,875,400	646,177,300	656,206,000	708,044,400
Places of Religious Worship and No Rent Income Residences	317,788,200	345,903,600	394,352,400	471,156,600	484,763,000	536,986,900
Property Used for Charitable Purposes	10,501,800	13,443,200	15,244,900	22,219,200	24,976,200	30,691,100
Places of Religious Burial	4,435,100	4,588,500	5,308,300	8,455,500	8,459,200	8,476,600
Charity Hospitals	61,671,700	70,070,300	84,561,900	105,867,100	108,702,900	111,347,100
Educational Institutions	487,801,500	506,450,900	676,261,600	726,137,600	731,777,100	794,067,900
Other	4,722,800	18,767,700	1,752,700	1,045,700	1,370,800	1,382,400
Total Tax Exempt	\$ 1,325,848,800	\$ 1,421,541,300	\$ 1,700,038,400	\$ 1,984,167,600	\$ 2,019,363,800	\$ 2,194,105,000
Total Real Property Value	\$ 23,560,269,485	\$ 25,514,474,810	\$ 27,534,078,138	\$ 34,110,139,035	\$ 37,267,086,333	\$ 41,646,515,665

NOTES: (1) The significant increase in property values from 1998 to 1999 is the result of a major reappraisal in 1999.

Source: Consolidated Digest Reports

2002	2003	2004	2005
\$ 29,795,829,425	\$ 33,035,677,125	\$ 36,495,767,425	\$ 39,051,927,238
9,590,354,725	10,055,236,050	10,543,714,000	12,218,820,628
4,010,668,075	4,038,376,850	4,098,420,600	3,121,295,120
1,086,201,125	1,206,984,243	1,262,544,793	1,328,684,680
\$ 44,483,053,350	\$ 48,336,274,268	\$ 52,400,446,818	\$ 55,720,727,665
1,935,500	1,935,500	1,935,500	1,864,500
836,155,550	880,971,800	923,673,100	930,301,700
568,621,700	610,500,650	650,611,450	689,671,850
33,878,100	35,394,900	36,835,900	40,160,500
8,852,000	9,042,900	9,701,100	10,183,800
111,420,900	110,745,400	106,159,900	106,159,900
936,376,000	1,051,887,100	1,078,366,100	1,074,511,400
1,563,000	1,589,400	1,677,600	1,691,000
\$ 2,498,802,750	\$ 2,702,067,650	\$ 2,808,960,650	\$ 2,854,544,650
\$ 46,981,856,100	\$ 51,038,341,918	\$ 55,209,407,468	\$ 58,575,272,315

exempt real and personal property last 10 years

Exemptions Allowed:	1996	1997	1998	1999	2000	2001
Non-Profit Homes for the Aged ⁽¹⁾	\$ 417,920	\$ 1,072,480	\$ 1,072,480	\$ 1,243,440	\$ 1,243,440	\$ 1,243,440
Public Property	175,153,160	183,854,360	207,950,160	258,470,920	262,482,400	283,217,760
Places of Religious Worship and No Rent Income Residences	127,115,280	138,361,440	157,740,960	188,462,640	193,905,200	214,794,760
Property Used for Charitable Purposes	4,200,720	5,377,280	6,097,960	8,887,680	9,990,480	12,276,440
Places of Religious Burial	1,774,040	1,835,400	2,123,320	3,382,200	3,383,680	3,390,640
Charity Hospitals	24,668,680	28,028,120	33,824,760	42,346,840	43,481,160	44,538,840
Educational Institutions	195,120,600	202,580,360	270,504,640	290,455,040	292,710,840	317,627,160
Air and Water Pollution Equipment	1,496,840	1,496,840	1,496,840	1,338,720	1,338,720	1,338,720
Other (Principally Utilities)	1,889,120	7,507,080	701,080	418,280	548,320	552,960
Total	\$ 531,836,360	\$ 570,113,360	\$ 681,512,200	\$ 795,005,760	\$ 809,084,240	\$ 878,980,720
Taxable	\$ 11,187,537,694	\$ 12,202,819,994	\$ 13,091,255,195	\$ 15,768,254,736	\$ 17,269,856,843	\$ 19,123,400,143
Exempt	531,836,360	570,113,360	681,512,200	795,005,760	809,084,240	878,980,720
Total	\$ 11,719,374,054	\$ 12,772,933,354	\$ 13,772,767,395	\$ 16,563,260,496	\$ 18,078,941,083	\$ 20,002,380,863
Exempt as % of Total	4.5%	4.5%	4.9%	4.8%	4.5%	4.4%
Taxable as % of Total	95.5%	95.5%	95.1%	95.2%	95.5%	95.6%

NOTES: (1) 1997 increase due to development of property

Source: Consolidated Digest Reports

comprehensive annual financial report 05 **gwinnett**county

2002	2003	2004	2005	Percent Increase (decrease) 1996 – 2005
\$ 774,200	\$ 774,200	\$ 774,200	\$ 745,800	78.5%
334,462,220	352,388,720	369,469,240	372,120,680	112.5%
227,448,680	244,200,260	260,244,580	275,868,740	117.0%
13,551,240	14,157,960	14,734,360	16,064,200	282.4%
3,540,800	3,617,160	3,880,440	4,073,520	129.6%
44,568,360	44,298,160	42,463,960	42,463,960	72.1%
374,550,400	420,754,840	431,346,440	429,804,560	120.3%
1,338,720	1,338,720	1,338,720	1,812,830	21.1%
625,200	635,760	671,040	676,400	(64.2%)
\$ 1,000,859,820	\$ 1,082,165,780	\$ 1,124,922,980	\$ 1,143,630,690	\$ 115.0%
\$ 20,933,606,750	\$ 22,400,023,047	\$ 23,911,880,967	\$ 25,467,176,449	\$ 127.6%
1,000,859,820	1,082,165,780	1,124,922,980	1,143,630,690	115.0%
\$ 21,934,466,570	\$ 23,482,188,827	\$ 25,036,803,947	\$ 26,610,807,139	\$ 127.1%
4.6%	4.6%	4.5%	4.3%	
95.4%	95.4%	95.5%	95.7%	

tax digest last two years

Digest	General Fund		Recreation Fund		Debt Service Fund	
	2005	2004	2005	2004	2005	2004
Gross Property	\$ 25,467,176,449	\$ 23,911,880,967	25,467,176,449	23,911,880,967	25,467,176,449	23,911,880,967
Motor Vehicle and Mobile Home	1,933,719,798	1,978,741,100	1,933,719,798	1,978,741,100	1,933,719,798	1,978,741,100
Gross Tax Digest	27,400,896,247	25,890,622,067	27,400,896,247	25,890,622,067	27,400,896,247	25,890,622,067
Less Exemptions:						
Homestead	3,243,473,744	3,251,466,548	2,760,798,550	2,781,239,808	1,628,673,023	1,676,588,258
Real Property	134,796,680	145,073,820	134,796,680	145,073,820	134,796,680	145,073,820
Freeport	880,196,450	788,072,190	880,196,450	788,072,190	880,196,450	788,072,190
Total Exemptions	4,258,466,874	4,184,612,558	3,775,791,680	3,714,385,818	2,643,666,153	2,609,734,268
Net Tax Digest	\$ 23,142,429,373	\$ 21,706,009,509	23,625,104,567	22,176,236,249	24,757,230,094	23,280,887,799

Source: Consolidated Digest Reports provided by the Tax Commissioner's Office

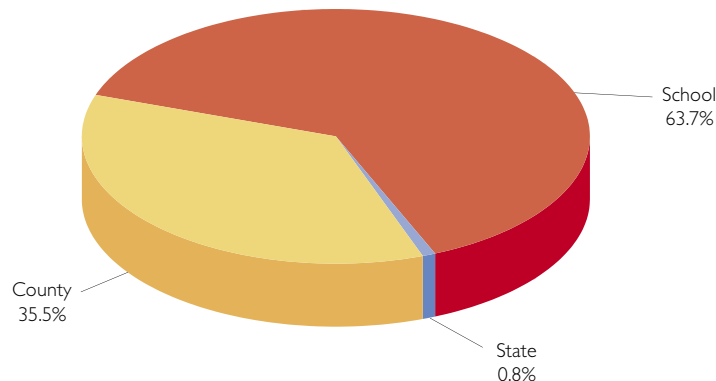
property tax rates direct and overlapping governments (per \$1,000 of assessed value) last 10 years

JURISDICTION:	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
County										
Maintenance and Operations:										
Unincorporated	10.10	9.30	9.40	8.65	8.48	8.43	8.30	8.29	8.27	10.14
Municipalities ⁽¹⁾	10.10	9.30	9.40	8.65	8.48	8.43	8.30	8.29	8.27	10.14
Debt Service	0.95	0.75	0.75	0.60	0.57	0.30	0.30	0.49	0.49	0.49
Fire Protection	2.90	2.40	2.30	2.10	2.06	1.90	1.87	1.87	1.87	–
Recreation	1.00	1.00	1.00	0.90	0.88	0.86	0.85	0.85	0.84	0.84
Total County – Unincorporated	14.95	13.45	13.45	12.25	11.99	11.49	11.32	11.50	11.47	11.47
Total County – Municipalities	14.95	13.45	13.45	12.25	11.99	11.49	11.32	11.50	11.47	11.47
School										
Maintenance and Operations	17.10	17.10	18.10	17.45	17.12	18.62	18.62	18.87	18.87	19.25
Debt Service	3.65	3.65	2.65	2.30	2.05	1.80	1.68	1.43	1.43	1.30
Total School	20.75	20.75	20.75	19.75	19.17	20.42	20.30	20.30	20.30	20.55
State										
	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Total Unincorporated	35.95	34.45	34.45	32.25	31.41	32.16	31.87	32.05	32.02	32.27
Total Municipalities	35.95	34.45	34.45	32.25	31.41	32.16	31.87	32.05	32.02	32.27

NOTE: (1) A change in state law allows the County to apply only one rate to both incorporated and unincorporated areas provided that the insurance premium tax proceeds are used for specific purposes.

Source: Budget Division – Tax Levy Resolution

2005 Property Tax Distribution



property tax levies and collections last 10 years

Year	Total Tax Levy ⁽³⁾⁽⁴⁾	Current Tax Collections	Percent of Levy Collected ⁽¹⁾	Delinquent Tax Collections	Total Tax Collections ⁽³⁾⁽⁴⁾	Total Collections as Percent of Current Levy	Outstanding Delinquent Taxes ⁽²⁾	Outstanding Delinquent Taxes as Percent of Current Levy
1996	349,869,662	341,770,115	97.7%	22,493,385	364,263,500	104.1%	14,328,318	4.1%
1997	365,785,570	361,329,721	98.8%	13,613,139	374,942,860	102.5%	10,835,649	3.0%
1998	394,070,048	389,448,836	98.8%	13,761,738	403,210,574	102.3%	11,108,099	2.8%
1999	443,709,937	438,327,340	98.8%	8,532,899	446,860,239	100.7%	11,944,144	2.7%
2000	470,131,591	462,394,777	98.4%	8,527,793	470,922,570	100.2%	16,273,027	3.5%
2001	521,516,706	514,827,709	98.7%	12,406,803	527,234,512	101.1%	17,339,145	3.3%
2002	562,783,629	553,561,766	98.4%	12,348,314	565,910,080	100.6%	21,694,175	3.9%
2003	606,972,122	586,116,379	96.6%	17,456,999	603,573,378	99.4%	33,211,325	5.5%
2004	648,121,744	640,266,373	98.8%	23,969,204	664,235,577	102.5%	21,651,234	3.3%
2005	678,156,729	594,462,395	87.7%	22,218,409	616,680,804	90.9%	58,494,080	8.6%

NOTES: (1) The lower than normal percent of levy collected is due to follow up efforts in collecting delinquent taxes that did not occur for FY 2005 until early FY 2006. They will be recognized in the following year. (2) The Percentage of Levy Collected includes collections on current year accruals of taxes, interest and penalties due on delinquent taxes as well as a reduction in taxes receivable due to tax releases declared by the Gwinnett County Tax Assessors during current year. (3) The accumulation of all unpaid ad valorem taxes at the end of the year indicated is shown as delinquent taxes receivable. These figures include penalties and interest due on delinquent ad valorem tax returns and processing costs of delinquent tax bills. (4) Total tax levy and total tax collections are reported net of tax relief credit received for any given year (tax digest - credit = amount levied).

Source: Tax Reports provided by Tax Commissioner's Office

principal tax payers december 31, 2005

Tax Payer	Type Business	Assessed Valuation	Percentage of Assessed Valuation
BellSouth Telecommunications	Media/Utility	\$ 133,475,972	0.52%
Publix	Retail	97,029,690	0.38%
Georgia Power	Utility	90,951,588	0.36%
Scientific Atlanta, Inc.	Manufacturing	73,504,360	0.29%
Mall of Georgia LLC	Retail	68,079,124	0.27%
Wal-Mart	Retail	68,863,080	0.27%
Jackson EMC	Utility	66,324,440	0.26%
Sugarloaf Mills LTD Partnership	Retail	52,525,080	0.21%
Atlanta Gas Light	Utility	40,518,742	0.16%
Home Depot	Retail	33,252,220	0.13%
All Other Taxpayers		24,725,535,681	97.16%
Total		\$ 25,449,059,977	100.00%

NOTE: Assessed valuation for principal taxpayers includes real property, personal property, utilities, and heavy duty equipment taxes and does not include intangible, motor vehicle, or mobile home taxes. Selection is based on the taxpayers with the largest assessed valuation.

Source: 1) The "final" tax digest dated 02/18/06 which is the state certified digest updated with additional adjustments made during the year. 2) Report provided by the Tax Assessor's Office.

**computation of
legal debt margin
december 31, 2005 (in
thousands of dollars)**

Assessed Value of All Taxable Property	\$24,757,230
Debt Limit: 10 Percent of Assessed Value	2,475,723
Less: Amount of Debt Applicable to Constitutional Debt Limit	95,397
Legal Debt Margin	2,380,326
Percent of Debt Limit Used	4%

**computation of direct and overlapping debt december 31, 2005
(in thousands of dollars except total overlapping debt per capita)**

Jurisdiction	Gross Debt Outstanding	Percent Applicable to Gwinnett County	Amount Applicable to Gwinnett County
DIRECT DEBT:			
Gwinnett County General Obligation Bonds	\$ 116,400	100%	\$ 116,400
OVERLAPPING GENERAL OBLIGATION DEBT:			
Gwinnett County Board of Education ⁽¹⁾	202,460	100%	202,460
Berkeley Lake, City of ⁽²⁾	2,300	100%	2,300
Buford, City of ⁽³⁾	4,750	100%	4,750
Suwanee, City of ⁽⁴⁾	16,740	100%	16,740
Total Overlapping General Obligation Debt	\$ 226,250		\$ 226,250
Total Direct and Overlapping General Obligation Debt	\$ 342,650		\$ 342,650
Gwinnett County Debt Per Capita ⁽⁵⁾			
Direct General Obligation Debt			\$ 160
Overlapping General Obligation Debt			312
Total Debt Per Capita			\$ 472

NOTES: (1) Countywide excluding the City of Buford. Source: Comprehensive Annual Financial Report for Year Ended June 30, 2005. (2) Berkeley Lake amount as of December 31, 2005. (3) City of Buford amount as of December 31, 2005. (4) City of Suwanee amount as of December 31, 2005. (5) Based on estimated County population of 726,273.

ratio of net general bonded debt to assessed value and net bonded debt per capita last 10 years (in thousands of dollars except net bonded debt per capita)

Year	Population ⁽¹⁾	Assessed Value ⁽²⁾	Gross Bonded Debt	Less Debt Service Fund Balance	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita ⁽³⁾
1996	489,382	11,538,263	89,275	9,801	79,474	0.0073	174
1997	516,032	12,662,460	84,965	11,558	73,407	0.0061	153
1998	540,954	13,594,444	80,440	13,630	66,810	0.0055	134
1999	567,569	16,432,191	75,680	15,563	60,117	0.0037	115
2000	596,547	17,844,485	70,660	18,091	52,569	0.0029	89
2001	623,517	19,290,949	65,360	16,387	48,973	0.0025	79
2002	648,808	20,885,095	61,740	15,271	46,469	0.0022	71
2003	673,651	22,110,194	135,325	21,626	113,699	0.0051	168
2004	700,577	23,280,888	125,965	22,342	103,623	0.0045	148
2005	726,273	24,757,230	116,400	21,003	95,397	0.0039	131

NOTES: (1) Census data (2) Reflects the net bond digest values. (3) Rounded to nearest dollar.

ratio of annual debt service for general ⁽¹⁾ bonded debt to total governmental funds expenditures last 10 years (in thousands of dollars)

Year	Principal	Interest and Other	Total Debt Service	Total Governmental Funds Expenditures	Ratio of Debt Service to Governmental Funds Expenditures
1996	4,110	5,211	9,321	256,570	3.6%
1997	4,310	5,027	9,337	258,372	3.6%
1998	4,525	4,822	9,347	325,931	2.9%
1999	4,760	4,601	9,361	332,191	2.8%
2000	5,020	4,358	9,378	356,426	2.6%
2001	5,300	4,095	9,395	401,687	2.3%
2002	5,605	2,417	8,022	434,958	1.8%
2003	1,415	3,230	4,645	468,556	1.0%
2004	9,360	4,448	13,808	505,723	2.7%
2005	9,565	4,203	13,771	611,529	2.3%

NOTE: (1) Includes all general obligation bonds and all governmental fund types.

water and sewerage authority revenue bond coverage last 10 years (in thousands of dollars)

Year	Total Operating Revenues	Total ⁽¹⁾ Operating Expenses	Operating Income	Investment Income and Other ⁽²⁾	Revenue Available for Debt Service	Total Debt Service Requirement	Coverage	Required Coverage
1996	96,257	39,705	56,552	9,376	65,928	27,895	2.36	1.2
1997	105,503	40,975	64,528	9,921	74,449	28,756	2.59	1.2
1998	118,751	45,278	73,473	17,883	91,356	33,532	2.72	1.2
1999	139,593	48,983	90,610	15,133	105,743	38,597	2.74	1.2
2000	145,731	53,400	92,331	17,296	109,627	44,075	2.49	1.2
2001	153,434	63,184	90,250	16,367	106,617	44,061	2.42	1.2
2002	154,746	75,061	79,685	12,721	92,406	44,027	2.10	1.2
2003	158,733	79,045	79,688	4,839	84,527	54,815	1.54	1.2
2004	166,393	80,163	86,230	2,275	88,505	59,681	1.48	1.2
2005	179,567	84,381	95,186	4,573	99,759	54,077	1.84	1.2

NOTE: (1) Operating expense other than interest on debt, depreciation, and amortization. (2) Excludes gain or loss on sale of capital assets.

building permit trends and bank deposits last 10 years

Fiscal Year	Single Family	Total Building	Bank Deposits
	Permits	Permits	
1996	6,224	11,585	3,836,000,000
1997	5,819	11,341	4,197,000,000
1998	6,967	13,488	4,705,000,000
1999	7,301	13,838	5,145,000,000
2000	7,597	14,751	5,504,000,000
2001	8,440	14,971	5,787,000,000
2002	8,201	14,704	6,404,000,000
2003	7,915	15,051	7,114,000,000
2004	8,199	15,737	8,168,000,000
2005	8,337	15,629	9,367,000,000

NOTES: Gwinnett County Financial Services using monthly Planning and Development Building Permit Summary Reports and FDIC. Total permits does not include land disturbance permits. Bank deposits are as of June 30 of each year.

water and sewerage system data

Water Reclamation Facilities

The Sewerage System operates five major wastewater treatment plants: F. Wayne Hill Water Resources Center, Beaver Ruin/Sweetwater Creek, Jackson Creek, Crooked Creek, and Yellow River. The Sewerage System also operates three minor plants, Jacks Creek, No Business Creek (Snellville), and Sugar Hill. Summarized below is a listing of the treatment facilities serving the county, the respective plant capacities, and the approximate usage for each during 2005.

	Maximum Available Capacity (mgd)	Average Daily Flow in the Maximum Month (mgd) ⁽²⁾	Average Annual Daily Flow (mgd) ⁽³⁾
F. Wayne Hill Water Resources Center ⁽¹⁾	20.0	19.5	18.1
Crooked Creek ⁽¹⁾	16.0	13.4	12.3
Yellow River/Sweetwater Creek ⁽¹⁾	12.5	10.7	9.8
Pole Bridge ⁽¹⁾	5.0	4.4	3.9
Beaver Ruin/Sweetwater Creek ⁽¹⁾	4.5	3.9	3.2
Jackson Creek ⁽¹⁾	3.0	3.0	2.8
Jacks Creek ⁽¹⁾	1.0	0.6	0.5
No Business Creek	1.0	1.0	0.9
Buford Southside	.6	0.5	0.54
Sugar Hill	.5	0.5	0.11
Total System	64.1	55.3 ⁽⁴⁾	52.1

Sewer System Growth

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Nº. of Customers	67,863	74,931	79,720	87,825	95,532	104,382	113,336	120,967	128,212	135,311
Miles of Sewer Mains Installed	129.00	111.00	82.00	103.45	119.00	120.00	107.56	74.04	124.8	159.0
Miles of Sewer Mains in Service	1,382.0	1,493.0	1,575.0	1,678.5	1,797.0	1,917.0	2,010.21	2,084.25	2,209.5	2,368
ADMMF Received/Treated (mgd) ⁽²⁾	40.5	39.0	41.7	42.9	46.5	49.2	50.35	55.82	56.6	55.3
AADF Received/Treated (mgd) ⁽³⁾	33.6	35.4	38.0	38.0	41.9	44.5	46.9	50.4	50.7	52.1

Note: (1) Plants that provide at least tertiary or advanced wastewater treatment which meets or exceeds federal water quality guidelines. (2) ADMMF is the average daily flow in the maximum month. This is the typical permit basis. (3) AADF is the average annual daily flow. (4) This figure shows average daily maximum flow for the entire system and is not the sum of the individual amount.

WATER SYSTEM GROWTH	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Plant Capacity as Licensed by State of Georgia (mgd)	120	150	150	150	150	150	150	150	225	225
Average Daily Consumption (mgd)	68.6	66.6	79.9	86.6	85.2	85.4	83.4	76.0	82.6	80.7
Maximum Daily Pumpage (mgd)	106.0	102.3	117.9	137.4	142.6	120.2	122.5	106.0	112.8	113.3
Population ⁽¹⁾	456,900	478,900	499,200	523,900	588,448	621,538	650,498	676,284	700,794	726,723
Percentage of County Population Served	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%
Water Meters Installed	8,052	7,636	8,865	8,480	9,359	10,070	9,118	8,538	8,707	8,773
Miles of Water Mains In Service	2,332.5	2,424.0	2,522.0	2,621.7	2,732.0	2,863.0	2,981.99	3,055.77	3,121.18	3,215
Miles of Water Mains Installed	143.0	91.5	98.0	99.7	109.4	154.3	99.7	81.10	65.41	93.82
Customers per Mile of Water Main	60.8	61.5	62.7	63.9	64.0	64.7	65.5	66.7	67.83	68.70
Fire Hydrants in Service	23,432	24,351	25,757	27,256	28,187	29,708	31,144	34,841	35,515	37,484
Fire Hydrants Installed	1,614	919	1,406	1,389	1,517	1,749	1,668	1,224	1,141	1,596
Fire Insurance Rating	4	4	4	4	4	4	4	4	4	4
Raw Water Storage (mg)	37	37	37	37	37	37	37	37	45	45
Treated Water Storage (Tanks/Clearwells in mg)	43.8	52.0	52.0	52.0	52.0	72.5	91.7	91.7	120.7	120.7

mg – million gallons

mgd – million gallons-per-day

NOTE: (1) ARC estimates 1999 and prior. 2000 data from Census, County estimates thereafter.

salaries of principal officers for year ended december 31, 2005

Title	County		State Salary	Total
	Annual Salary ⁽¹⁾	Supplement		
Chairman, Board of Commissioners	\$ 53,973	\$ -	\$ -	\$ 53,973
District Commissioners	13,493	-	-	13,493
Clerk of Superior Court (also serves as Clerk of State Court and Clerk of Magistrate Court)	116,167	16,482	-	132,649
Probate Court Judge	111,851	-	-	111,851
Sheriff	119,797	3,441	-	123,238
Tax Commissioner	124,792	3,719	-	128,511
Superior Court Judges	-	37,231	109,646	146,877
State Court Judges	141,052	-	-	141,052
District Attorney	-	44,431	97,324	141,755
State Court Solicitor	115,733	-	-	115,733
Juvenile Court Judge	137,596	-	-	137,596
Recorder's Court Judges	124,508	-	-	124,508
Chief Magistrate	118,781	-	-	118,781
Solicitor	115,733	-	-	115,733
Solicitor/Recorder's Court	88,502	-	-	88,502
Clerk of Recorder's Court	81,900	-	-	81,900
County Administrator ⁽²⁾	185,000	3,700	-	188,700

NOTES: (1) Annual salary amounts do not include longevity pay amount. (2) County Administrator's salary does not include \$15,000 contributed to Deferred Compensation.

Source: Gwinnett County Payroll/Human Resources Department, salaries effective 12/31/05.

**surety bond coverage
of elected officials
december 31, 2005**

Title	Insurer	Policy Number	Coverage	Annual Premium	Renewal Date
Chairman	Hartford	20BSBDF7108	\$ 140,000	476	01/01/09
District 1 Commissioner	Hartford	20BSBDE3463	140,000	476	01/01/09
District 2 Commissioner	Hartford	20BSBCI5877	140,000	561	01/01/07
District 3 Commissioner	Hartford	20BSBDF1499	140,000	476	01/01/09
District 4 Commissioner	Hartford	20BSBCI6061	140,000	561	01/01/07
Sheriff	Hartford	20BSBCI0824	30,000	102	01/01/09
Clerk of Court	Hartford	20BSBCI0696	35,800	122	01/01/09
Probate Judge	Hartford	20BSBCH8821	140,000	298	01/01/09
Tax Commissioner	Hartford	20BSBCI0866	125,000	325	01/01/09
Tax Commissioner	Hartford	20BSBCI5069	50,000	216	01/01/09

Source: Risk Management Policy – Hartford Fire Insurance Company

schedule of insurance in force, december 31, 2005

Type of Insurance	Coverage	Liability Limit	Company	Policy Number	Policy Period		Annual Premium
					From	To	
PROPERTY INSURANCE							
Buildings and Contents	All risk of direct loss or damage from any cause, except those excluded under the policy, at 100% replacement cost and \$250,000 per occurrence deductible	\$500,000,000	FM Global Insurance Co.	JB284	01/01/05	12/31/05	\$996,189
Buildings and Contents	Terrorism	\$500,000,000 for certified terrorism	FM Global	JB284	01/01/05	12/31/05	(1)
Buildings and Contents	Earthquake (2)	\$250,000,000 with \$250,000 deductible	FM Global Insurance Co.	JB284	01/01/05	12/31/05	(1)
Buildings and Contents	Flood (2)	\$100,000,000 with \$500,000 deductible (flood zone a or b) \$250,000,000 with \$250,000 (all other)	FM Global Insurance Co.	JB284	01/01/05	12/31/05	(1)
Newly Acquired Property	(2)	\$10,000,000 with \$250,000 deductible	FM Global Insurance Co.	JB284	01/01/05	12/31/05	(1)
Extra Expense	(2)	\$10,000,000 with \$250,000 deductible	FM Global Insurance Co.	JB284	01/01/05	12/31/05	(1)
Water/Sewer Piping	(2)	\$25,000,000 with \$250,000 deductible	FM Global Insurance Co.	JB284	01/01/05	12/31/05	(1)
Unnamed Locations	(2)	\$10,000,000 with \$250,000 deductible	FM Global Insurance Co.	JB284	01/01/05	12/31/05	(1)

NOTES: (1) Premiums for this coverage are included under the Buildings and Contents Annual Premium of \$996,189. (2) The coverage for this type of insurance is the same as that listed for Buildings and Contents.

schedule of insurance in force, december 31, 2005

Type of Insurance	Coverage	Liability Limit	Company	Policy Number	Policy Period		Annual Premium
					From	To	
PROPERTY INSURANCE							
Unintentional E & O	(2)	\$10,000,000 with \$250,000 deductible	FM Global Insurance Co.	JB284	01/01/05	12/31/05	(1)
Service Interruption	(2)	\$10,000,000 with \$250,000 deductible	FM Global Insurance Co.	JB284	01/01/05	12/31/05	(1)
Course of Construction	(2)	\$10,000,000 with \$250,000 deductible	FM Global Insurance Co.	JB284	01/01/05	12/31/05	(1)
Transit	(2)	\$10,000,000 with \$50,000 deductible	FM Global Insurance Co.	JB284	01/01/05	12/31/05	(1)
Fine Arts	(2)	\$10,000,000 with \$50,000 deductible	FM Global Insurance Co.	JB284	01/01/05	12/31/05	(1)
Voting Machines	(2)	\$1,000,000 with \$50,000 deductible	FM Global Insurance Co.	JB284	01/01/05	12/31/05	(1)
Contractors Equipment	(2)	\$7,661,000 with \$250,000 deductible	FM Global Insurance Co.	JB284	01/01/05	12/31/05	(1)
EDP Hardware	(2)	Policy Limits with \$250,000 deductible	FM Global Insurance Co.	JB284	01/01/05	12/31/05	(1)
Boiler and Machinery	(2)	Policy limits with \$250,000 deductible	FM Global Insurance Co.	JB284	01/01/05	12/31/05	(1)
Vehicles	(2)	\$12,500,000 with \$100,000 deductible	FM Global Insurance Co.	JB284	01/01/05	12/31/05	(1)
LIABILITY INSURANCE							
Comprehensive General Liability, Law Enforcement Liability, and Public Officials Liability	Damages of bodily injury or property caused by an occurrence	\$20,000,000 limit with a \$2,000,000 retention	(3)	(3)	01/01/05	12/31/05	(3)

NOTES: (1) Premiums for this coverage are included under the Buildings and Contents Annual Premium of \$996,189. (2) The coverage for this type of insurance is the same as that listed for Buildings and Contents. (3) Premiums for this coverage are split as follows:

	Limit	Policy Number	Premium
Insurance Co. of the State of Pennsylvania	\$ 5,000,000	4 1051380	\$ 420,867
Lexington Insurance	10,000,000	6500664	312,000
Clarendon American Insurance Co.	5,000,000	XLX00310939	92,393
Total	20,000,000		825,260

Type of Insurance	Coverage	Liability Limit	Company	Policy Number	Policy Period		Annual Premium	
					From	To		
OTHER CASUALTY INSURANCE								
Airport Liability Including Non-Ownership Liability	Damages of bodily injury or property damage caused by an occurrence where Airport Authority is held liable	\$50,000,000 each occurrence	Old Republic Insurance Co.	PR00187305	01/01/04	12/31/04	31,136	
Workers' Compensation	Provides statutory coverage with \$2,000,000 employer's liability	Statutory limits with a \$600,000 retention	County Reinsurance Limited	CRL-GAWC-010105	01/01/05	12/31/05	179,756	
Aircraft Physical Damage	All risk for both County helicopters subject to exclusions and \$15,000,000 limit for damages of bodily injury or property caused by an occurrence	\$600,000 (1988) \$550,000 (1984)	Old Republic Insurance Co.	HL 52805	01/01/05	12/31/05	66,072	
Crime Coverage	Public employee dishonesty per loss	\$2,000,000 with \$10,000 deductible	Great American Insurance Co.	GVT217 I312-04	01/01/05	12/31/05	9,715	
Forgery		\$2,000,000 with \$10,000 deductible	Great American Insurance Co.	GVT217 I312-04	01/01/05	12/31/05	(2)	
Theft and Disappearance		\$500,000 with \$10,000 deductible	Great American Insurance Co.	GVT217 I312-04	01/01/05	12/31/05	(2)	
Destruction		\$500,000 with \$10,000 deductible	Great American Insurance Co.	GVT217 I312-04	01/01/05	12/31/05	(2)	
Credit Card Forgery		\$10,000 with \$500 deductible	Great American Insurance Co.	GVT217 I312-04	01/01/05	12/31/05	(2)	
Computer Fraud		\$2,000,000 with \$10,000 deductible	Great American Insurance Co.	GVT217- I312-04	01/01/05	12/31/05	(2)	
Law Enforcement Off-Duty Liability		Damages of bodily injury or property damage caused by an off-duty occurrence	\$1,000,000 Occurrence limit \$25,000,000 annual aggregate limit with a \$5,000 deductible	Diamond States Insurance Co.	LPL0001489	01/01/05	12/31/05	190,733
Fiduciary Liability		Damages caused by wrongful act unless excluded by the policy	\$5,000,000 any one loss and aggregate with a \$100,000 deductible	Travelers	I04188732	01/01/05	12/31/05	18,976

NOTE: (1) Premiums for this coverage are included under the Buildings and Contents premium of \$996,189. (2) Premiums for this coverage are included under the Crime Coverage premium of \$9,715.

Type of Insurance	Coverage	Liability Limit	Company	Policy Number	Policy Period		Annual Premium
					From	To	
OTHER CASUALTY INSURANCE							
Reservists Law Enforcement Policy	Damages of bodily injury or property damage caused by a reservist working for the Sheriff	\$1,000,000 Occurrence limit, \$1,000,000 annual aggregate limit with a \$5,000 deductible	Diamond States Insurance Co.	LP0001624	07/13/05	07/13/06	\$22,608
Volunteer Insurance Excess Medical Coverages	Covers excess medical cost for an accident when working as a volunteer for Community Services	Up to \$25,000 of coverage	Life Insurance Company of North America	SPS9000303	07/01/05	07/01/06	\$16,673
Volunteer Insurance Excess Personal Liability	Covers excess personal liability for an accident when working as a volunteer for Community Services	\$1,000,000 per occurrence \$3,000,000 annual aggregate	Employers Insurance of Wausau	GALAWRI	07/01/05	07/01/06	Incl
Volunteer Insurance Excess Automobile Liability	Covers excess automobile liability for an accident when working as a volunteer for Community Services	\$500,000 per occurrence	Employers Insurance of Wausau	GALAWRI	07/01/05	07/01/06	Incl
OTHER INSURANCE							
Broker Fees		N/A	Mash, Inc., Jim Anderson & Co., and HIB Rogal & Hamilton	N/A	01/01/05	12/31/05	\$ 146,600
Workers' Compensation Administration Services		N/A	ACCG		01/01/05	12/31/05	372,483
Employee Life Insurance	Basic Life A D & D Insurance	Varies by employee option	Standard	610164	01/01/05	12/31/05	1,208,515
Long-Term Disability	Disability benefits for covered employees – max 60% of salary beginning 181 st day of disability	N/A	Standard	610164	01/01/05	12/31/05	743,838
Vision Care	Vision benefits for employees and dependents	N/A	Vision Service	5106993	01/01/04	12/31/04	67,004
TPA/ASO Claim Processing	Employee medical and dental claims, audits, and medical conversion	N/A	Cigna	2250512	01/01/04	12/31/04	892,997
			BlueCross/ BlueShield	1007506, 07,08,14	01/01/04	12/31/04	1,467,763

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Type of Insurance	Coverage	Liability Limit	Company	Policy Number	Policy Period		Annual Premium
					From	To	
OTHER INSURANCE							
Medical Stop Loss	Individual excess loss – deductible \$175,000 per person per contract period		Cigna	2250512	01/01/04	12/31/04	\$386,156
			BlueCross/ BlueShield	1007506, 07,08,14	01/01/04	12/31/04	1,124,560
Prescription Drugs:							
Mail Order	Mail order prescription drugs; Drug card program for PPO plan members	N/A	Eckerd Health Care	7550	01/01/04	12/31/04	33,709
Drug Card							
Dental HMO	Employee Dental	N/A	Cigna	5726	01/01/04	12/31/04	187,776
Short-term Disability	Disability benefits for covered employees – maximum 60% of salary beginning 31 st day of disability	N/A	Standard	61064	01/01/05	12/31/05	335,320

employment statistics

Employment Statistics

Area	Employment	Unemployment Rate
Cherokee	96,114	3.6%
Clayton	132,933	6.0%
Cobb	367,177	4.5%
DeKalb	365,486	5.8%
Douglas	56,608	5.5%
Fayette	52,285	3.9%
Forsyth	71,929	3.0%
Fulton	406,248	5.9%
Gwinnett	388,248	4.2%
Henry	84,520	4.3%
Rockdale	38,179	5.1%
Atlanta Metropolitan Statistical Area	2,476,613	4.9%
Georgia	4,405,977	5.0%
United States	141,481,000	5.1%

Source: Georgia Department of Labor, preliminary January 2005 – not seasonally adjusted.

Principal Employers

Employer	Number of Employees
Gwinnett County Public School System	18,226
Gwinnett County Government	4,586
Gwinnett Health Care System	4,229
Wal-Mart	4,163
Publix Supermarkets	*3,250
U.S. Postal Service	2,760
State of Georgia	2,159
Kroger	*1,981
Primerica	1,682
Scientific-Atlanta	1,624

Source – Gwinnett County Department of Financial Services – Calls made to companies in March 2006.

* Based on full-time equivalent employees.

employment statistics december 31, 2005

Estimated Per Capita Income

County	Per Capita Personal Income
Cherokee	\$30,059
Clayton	21,569
Cobb	36,175
DeKalb	34,745
Douglas	26,273
Fayette	37,185
Fulton	48,647
Gwinnett	30,277
Henry	26,468
Rockdale	28,343
Georgia	29,000

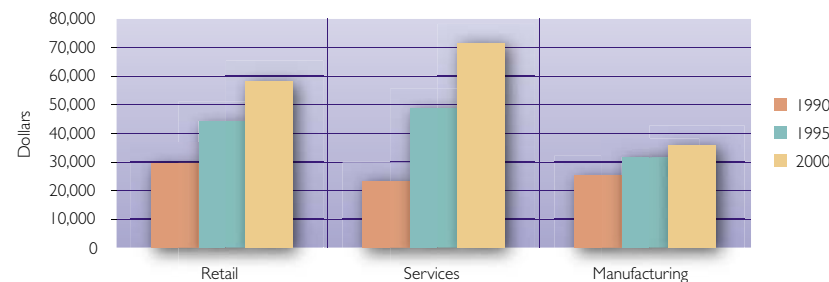
Source: Regional Economic Information System, Bureau of Economic Analysis, and US Department of Commerce data from April 2005, for 2003.

Average Employment and Weekly Wage by Industry Mix

Industry	Average Monthly Employment	Average Weekly Wages
Service Producing	233,283	\$ 767
Manufacturing	25,842	991
Local Government	25,715	696
Construction	22,777	863
Federal Government	3,150	1,069
State Government	2,289	578
Nonclassifiable Establishments	304	906
Agriculture, Forestry, and Fishing	284	585
Mining	170	1,018
All Industries	313,815	788

Source: Georgia Department of Labor – Second quarter of 2005.

Average Monthly Employment 1990 – 2000



Source: Georgia Department of Labor, annual establishment, employment, and wages report.

**miscellaneous statistical
information
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Gwinnett County was created by Legislative Act on December 15, 1818.

Form of Government:

Gwinnett County is a political subdivision of the state of Georgia governed by a Board of Commissioners consisting of five members including a full-time chairman.

Location:

Gwinnett County is located in north central Georgia, an official part of the Atlanta Standard Metropolitan Statistical Area as designated by the United States Bureau of the Census.

Area:

437 square miles

Geographic Center of County:

Latitude – 33 degrees 57' 30 N

Longitude – 83 degrees 58' 30 W

Altitude:

Gwinnett County varies from 800 to 1,300 feet above sea level.

Climate:

Average Temperature:

January – 41.0 degrees Fahrenheit

July – 78.8 degrees Fahrenheit

Average mean temperature:

61.3 degrees Fahrenheit

Average Rainfall:

50.77 inches annually

Prevailing winds: northwest, mean speed – 9.1 MPF

Humidity:

80% – 90% mornings

50% – 60% afternoons

**miscellaneous statistical
information
recreational and cultural
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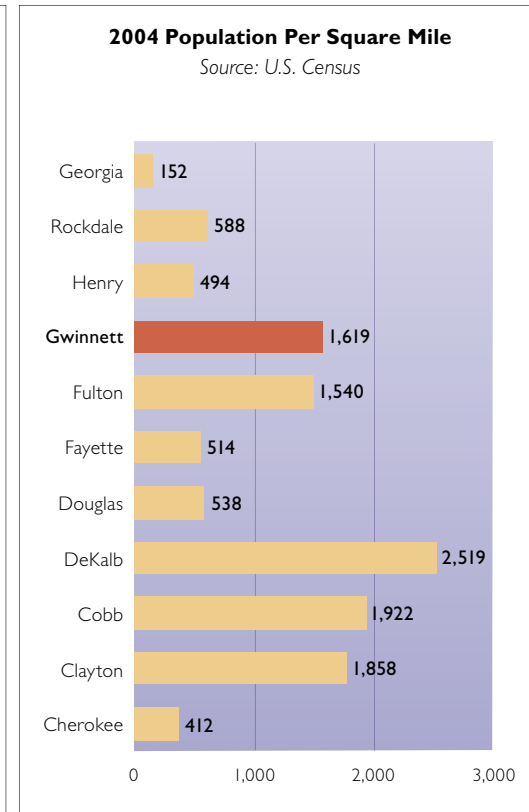
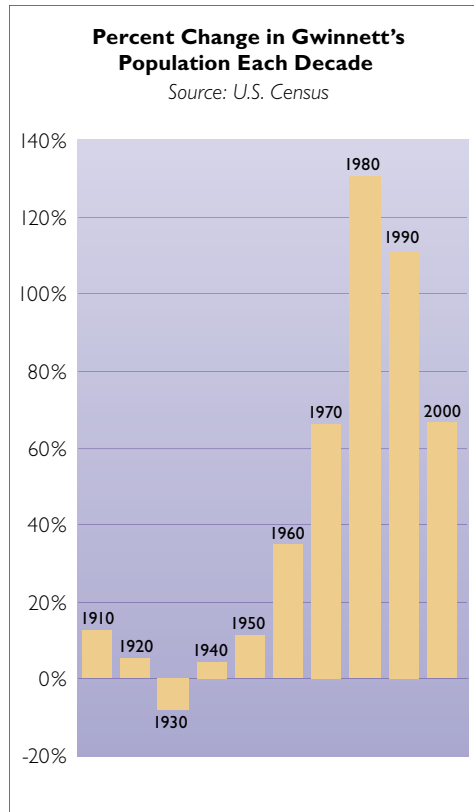
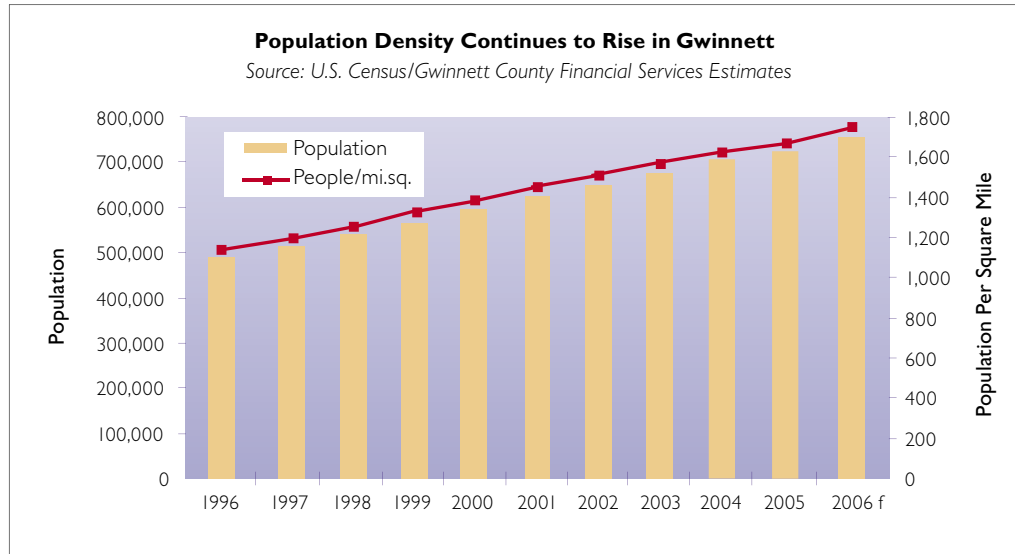
Number of Park Sites*	47
Total Acreage of Parks Open to the Public	4,016
Total Acreage of Parks* (including undeveloped)	8,062
Number of Swimming Pool Sites	11
Number of Baseball Fields	93
Number of Parks and Recreation Community Centers	3
Number of Parks and Recreation Senior Centers	1
Number of Activity Buildings	7
Number of Concession Buildings	34
Number of Pavilions	35
Number of Comfort Buildings	20
Number of Stand-alone Gymnasiums	4
Number of Special Purpose Facilities	3
Number of Tennis Courts	39
Number of Soccer Fields	26
Number of Health and Human Service Centers	2
Number of Health and Human Services Senior Centers	3
Number of Health and Human Services Community Centers	1
Number of Stand-Alone/Overlay Football Fields	12
Number of Playgrounds	35
Number of Fishing Areas	4
Number of Libraries	12
Volumes in Libraries	
Books	883,568
Cassettes and Other Items**	150,000+ **
Circulation in Libraries	6,376,188
Miles of Roads	
Total Highway Mileage (approximately)	3,100
County Maintained Roads (approximately)	2,650
Number of Street Lights (approximately)	45,000

NOTE: The County pays the power companies to maintain approximately 1,600 street lights in high hazard locations.

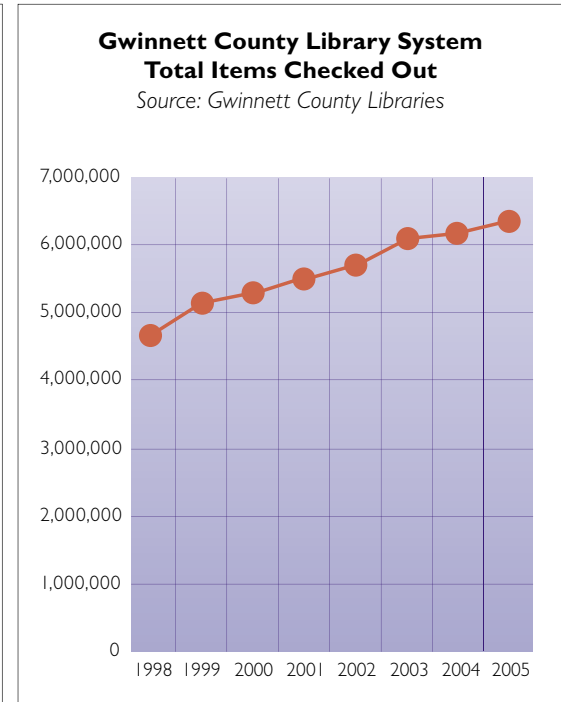
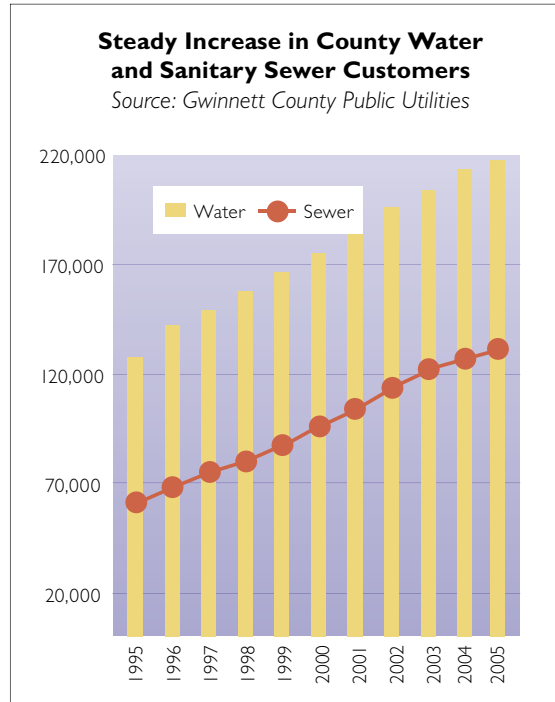
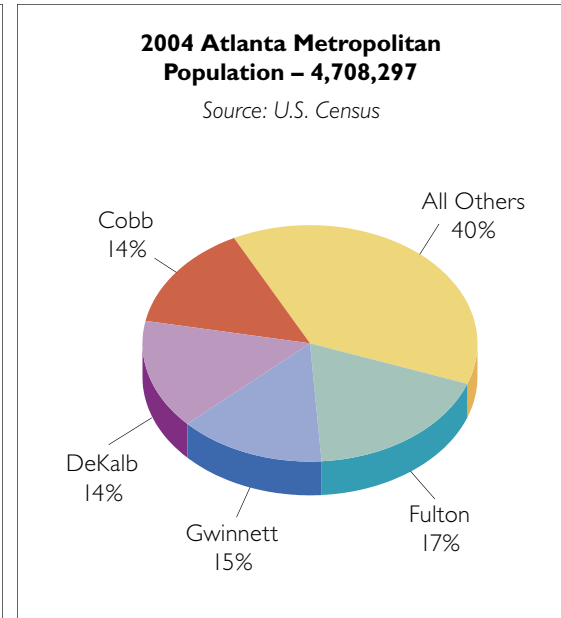
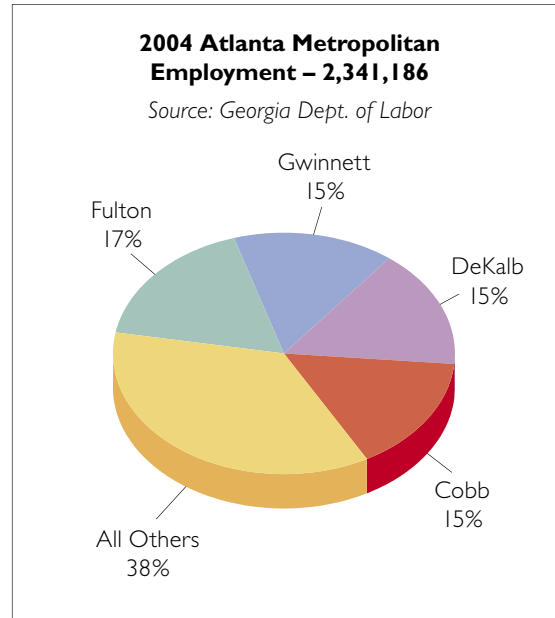
* Does not include County-owned facilities managed by others, nor set-a-side properties.

** Includes GALILEO

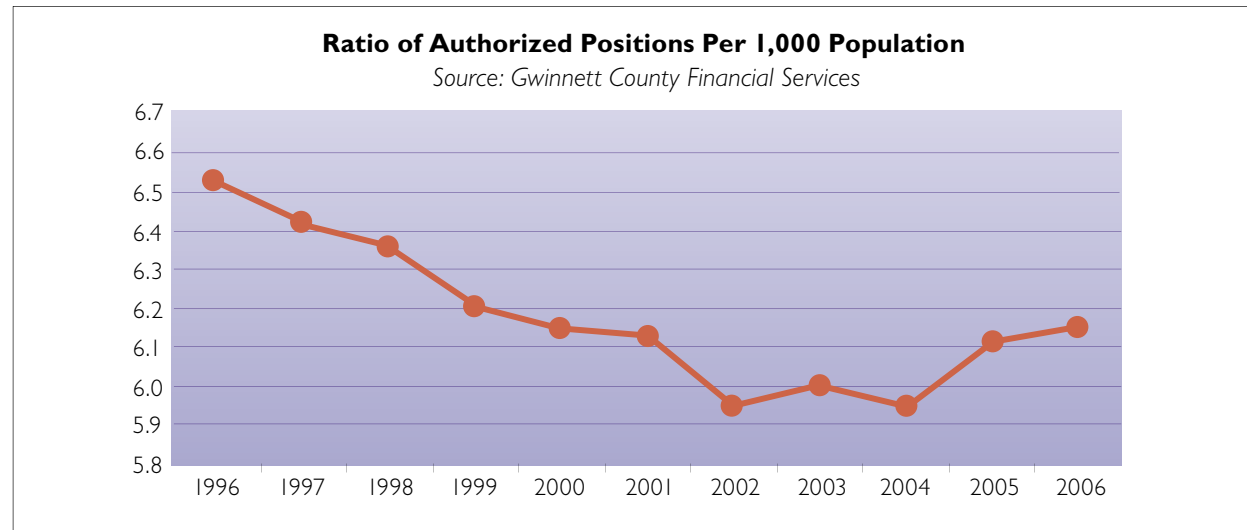
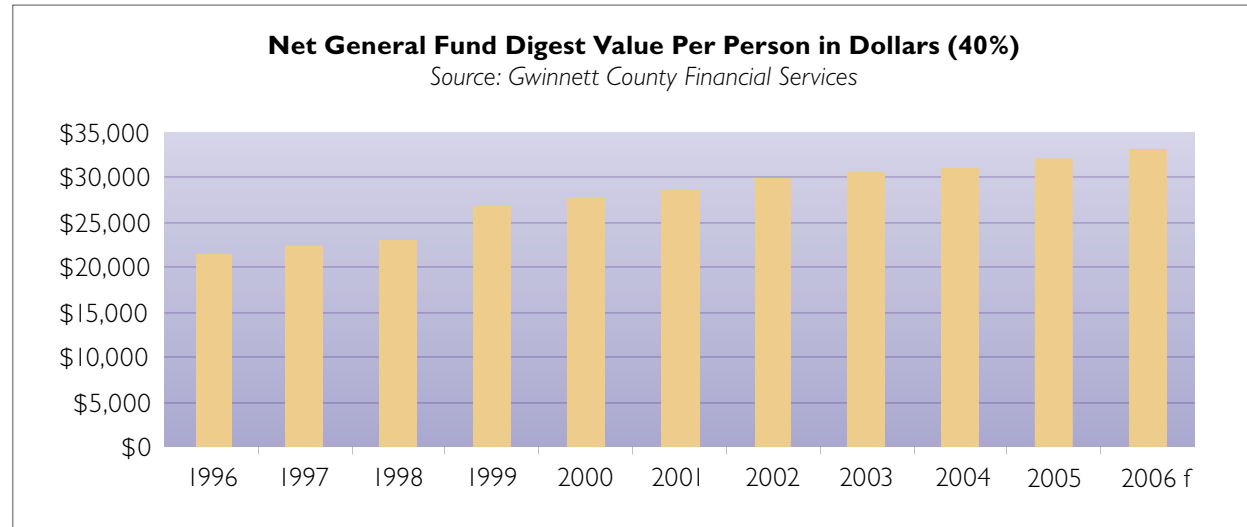
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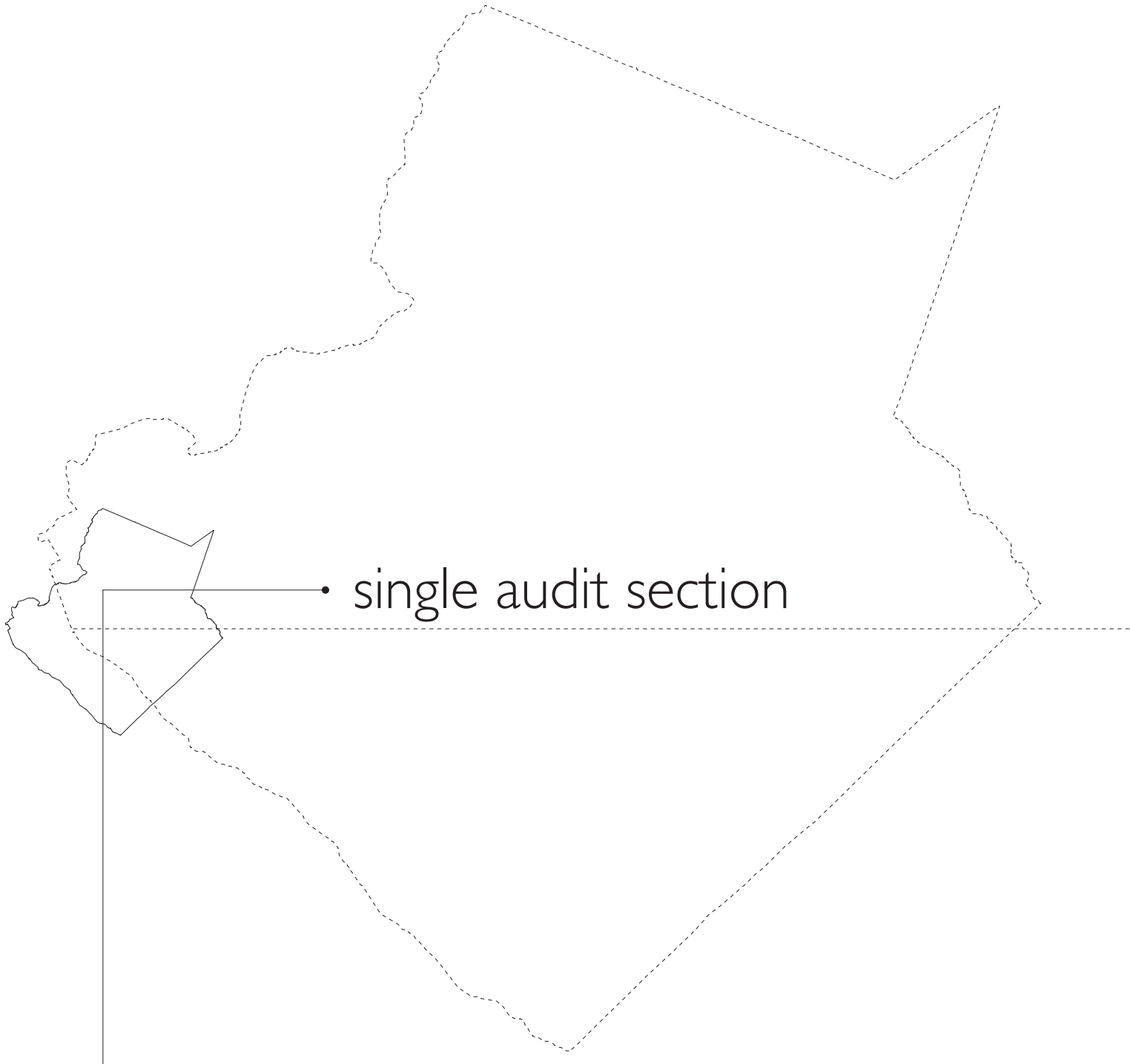


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Schedule of Expenditures of Federal, State, and Local Awards – Year ended December 31, 2005

Title	Federal CFDA Number	Grantor Program Number	Internal Grant Number	Program Period	Funding Source	
					Federal	State/Local
Pass-Through National Resource Conservation Service:						
Resource Conservation and Development	10.901	68-4310-1-61	NRCSTECH – 2004	10/1/04 – 1/31/06	Department of Agriculture	Natural Resources Conservation Service
Pass-Through Soil and Water Conservation:						
Resource Conservation and Development	10.901	68-4310-1-85	RC&DTECH – 2004	10/1/04 – 11/15/05	Department of Agriculture	Soil and Water Conservation Commission
SUBTOTAL	10.901					
Watershed Protection and Flood Prevention	10.904	69-4310-3-138	NRCS – 2003	9/29/03 – 12/31/07	Department of Agriculture	GA Environmental Protection Agency
SUBTOTAL	10.904					
TOTAL U.S. DEPARTMENT OF AGRICULTURE						
U.S. Department of Housing and Urban Development Direct Programs:						
Community Development Block Grant Entitlement Grants	14.218	B-00-UC-13-0004	CDBG – 2000	1/1/00 – Completion	Department of Housing & Urban Development	
Community Development Block Grant Entitlement Grants	14.218	B-01-UC-13-0004	CDBG – 2001	1/1/01 – Completion	Department of Housing & Urban Development	
Community Development Block Grant Entitlement Grants	14.218	B-02-UC-13-0004	CDBG – 2002	1/1/02 – Completion	Department of Housing & Urban Development	
Community Development Block Grant Entitlement Grants	14.218	B-03-UC-13-0004	CDBG – 2003	1/1/03 – Completion	Department of Housing & Urban Development	
Community Development Block Grant Entitlement Grants	14.218	B-04-UC-13-0004	CDBG – 2004	1/1/04 – Completion	Department of Housing & Urban Development	
Community Development Block Grant Entitlement Grants	14.218	B-05-UC-13-0004	CDBG – 2005	1/1/05 – Completion	Department of Housing & Urban Development	
Community Development Block Grant Entitlement Grants	14.218	B-06-UC-13-0004	CDBG – 2006	1/1/06 – Completion	Department of Housing & Urban Development	
Community Development Block Grant Entitlement Grants	14.218	B-07-UC-13-0004	CDBG – 2007	1/1/07 – Completion	Department of Housing & Urban Development	
SUBTOTAL	14.218					
Emergency Shelter Grants Program	14.231	S-04-UC-13-0011	ES – 2004	1/1/04 – 12/31/05	Department of Housing & Urban Development	
Emergency Shelter Grants Program	14.231	S-05-UC-13-0011	ES – 2005	1/1/05 – 12/31/06	Department of Housing & Urban Development	
SUBTOTAL	14.231					

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Program or Award Amount	2005						Total
	Federal		State		Local		
	Expenditures	Revenues	Expenditures	Revenues	Expenditures	Revenues	
11,115	8,336	8,336					8,336
46,406	23,203	23,203					23,203
	31,539	31,539					31,539
5,262,732	865,147	865,147					865,147
	865,147	865,147					865,147
	896,686	896,686					896,686
2,773,000	3,880	3,880					3,880
2,935,000	104,726	104,662					104,726
2,953,000	150,553	130,504					150,553
4,744,000	659,092	659,092					659,092
4,827,000	1,152,855	1,152,855					1,152,855
4,615,969	867,632	2,367,280			46,905	53,028	914,537
4,200,238	(1,229,100)						<1,229,100>
1,500,000	66,473						66,473
	1,776,110	4,418,273			46,905	53,028	1,823,015
173,533	91,276	91,276					91,276
176,533	120,081	120,081					120,081
	211,357	211,357					211,357

continued...

Schedule of Expenditures of Federal, State, and Local Awards – Year ended December 31, 2005

Title	Federal CFDA Number	Grantor Program Number	Fund Agency Org	Program Period	Funding Source	
					Federal	State/Local
Development Direct Programs – U.S. Department of Housing and Urban:						
Home Investment Partnerships Program	14.239	M-01-UC-13-0201	HOME 2001	1/1/01 – 12/31/06	Department of Housing & Urban Development	
Home Investment Partnerships Program	14.239	M-02-UC-13-0201	HOME 2002	1/1/02 – 12/31/07	Department of Housing & Urban Development	
Home Investment Partnerships Program	14.239	M-03-UC-13-0201	HOME 2003	1/1/03 – 12/31/08	Department of Housing & Urban Development	
Home Investment Partnerships Program	14.239	M-04-UC-13-0201	HOME 2004	1/1/04 – 12/31/09	Department of Housing & Urban Development	
Home Investment Partnerships Program	14.239	M-05-UC-13-0201	HOME 2005	1/1/05 – 12/31/10	Department of Housing & Urban Development	
SUBTOTAL	14.239					
Community Development Block Grants Economic Development Initiative	14.246	B-02-SP-GA-0158	SP – 2002	9/27/02 – 10/1/07	Department of Housing & Urban Development	
SUBTOTAL	14.246					
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
Department of Interior:						
Outdoor Recreation Acquisition Development and Panning	15.916	13- 00853	GADNR – 2004	10/1/04 – 12/31/06	Department of Interior	GA Department of Natural Resources, Parks and Historic Sites Division
TOTAL DEPARTMENT OF INTERIOR						
Pass-Through Georgia Children and Youth Coordinating Council:						
Juvenile Accountability Incentive Block Grants	16.523	02B-IC-0002	JAIBG – 2004	10/1/04 – 6/30/06	Department of Justice	Children and Youth Coordinating Council
Pass-Through Council of Juvenile Court Judges of Georgia:						
Juvenile Accountability Incentive Block Grants	16.523	04B-ST-001	CJCJ – 2004 P05	10/1/04 – 9/30/05	Department of Justice	Council of Juvenile Court Judges of Georgia
Juvenile Accountability Incentive Block Grants	16.523	NA	POS – 2005	9/7/05 – 12/31/05	Department of Justice	Council of Juvenile Court Judges of Georgia
Juvenile Accountability Incentive Block Grants	16.523	POSFY05 – 06	POS – 2005A	10/1/05 – 9/30/06	Department of Justice	Council of Juvenile Court Judges of Georgia
SUBTOTAL	16.523					
Pass-Through Criminal Justice Coordinating Council:						
Crime Victim Assistance	16.575	2004-VA-GX-0004 C04-8-056	VW04	10/1/04 – 9/30/05	Department of Justice	Criminal Justice Coordinating Council
Crime Victim Assistance	16.575	C05-8-070	VW05	10/1/05 – 9/30/06	Department of Justice	Criminal Justice Coordinating Council
SUBTOTAL	16.575					

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Program or Award Amount	2005						Total
	Federal		State		Local		
	Expenditures	Revenues	Expenditures	Revenues	Expenditures	Revenues	
854,000	166,761	166,761				995	166,761
851,000	32,006	32,006					32,006
1,620,057	217,772	217,772					217,772
1,744,830	192,560	192,560			11,815	53,305	204,375
1,644,910	233,094	232,418			59,571	99,997	292,665
	842,191	841,517			71,386	154,186	913,577
490,000	7,560	7,560					7,560
	7,560	7,560					7,560
	2,837,221	5,478,707			118,291	207,214	2,837,221
92,665	35,109						35,109
	35,109						35,109
226,351	85,591	85,591			9,510	9,510	95,101
10,000	950	950					950
1,780	1,780	1,780					1,780
10,000	3,230	3,230					3,230
	91,551	91,551			9,510	9,510	101,061
64,399	36,384	36,384			18,344	18,344	54,728
64,399	15,006	14,741			2,530	2,530	17,536
	51,390	51,125			20,874	20,874	72,264

continued...

Schedule of Expenditures of Federal, State, and Local Awards – Year ended December 31, 2005

Title	Federal CFDA Number	Grantor Program Number	Internal Grant Number	Program Period	Funding Source	
					Federal	State/Local
Pass-Through Administrative Office of the Courts:						
Byrne Formula Grant Program	16.579	AOC-14203	AOC – 2004	6/30/04 – 8/30/05	Department of Justice	Administrative Office of Courts
SUBTOTAL	16.579					
Pass-Through Criminal Justice Coordinating Council:						
Violence Against Women Formula Grants	16.588	2002-WF-BX-0002 W02-8-061	STOP – 2004	1/1/05 – 12/31/05	Department of Justice	Criminal Justice Coordinating Council
SUBTOTAL	16.588					
U.S. Department of Justice Direct Programs:						
Local Law Enforcement Block Grants Program	16.592	2003LBBX1457	LLEBG – LE03	10/1/03 – 1/31/06	Department of Justice	
Local Law Enforcement Block Grants Program	16.592	2004LBBX1418	LLEBG – LE04	10/1/04 – 9/30/06	Department of Justice	
Local Law Enforcement Block Grants Program	16.592	2005DJBX-1085	LLEBG – LE05	10/1/05 – 9/30/08	Department of Justice	
SUBTOTAL	16.592					
TOTAL DEPARTMENT OF JUSTICE						
WIA Adult Program	17.258	WD0153	WIA – 2004	7/1/04 – 6/30/05	Department of Labor	Atlanta Regional Commission
WIA Adult Program	17.258	WD0153	WIA – 2005	7/1/05 – 6/30/06	Department of Labor	Atlanta Regional Commission
SUBTOTAL	17.258					
TOTAL DEPARTMENT OF LABOR						
Federal Aviation Administration Direct Programs:						
Airport Improvement Program	20.106	AIP3-13-0074-23	FAA – 2001 Amend.	9/5/01 – 12/31/05	Department of Transportation	
Airport Improvement Program	20.106	AIP3-13-0074-25	FAA – 2003	8/26/03 – 12/31/05	Department of Transportation	
SUBTOTAL	20.106					
Federal Transit Administration-Direct Programs:						
Federal Transit Capital Investment Grant	20.500	GA-03-0071-00	FTA-0071	6/1/04 – Completion	Department of Transportation	
Federal Transit Capital Investment Grant	20.500	GA-90-X133-01	FTA-133	10/1/99 – Completion	Department of Transportation	
Federal Transit Capital Investment Grant	20.500	GA-90-X170-00	FTA-170	6/1/02 – Completion	Department of Transportation	
Federal Transit Capital Investment Grant	20.500	GA-90-X192-00	FTA-192	11/1/02 – Completion	Department of Transportation	
Federal Transit Capital Investment Grant	20.500	GA-90-X203-00	FTA-203	8/1/04 – Completion	Department of Transportation	
Federal Transit Capital Investment Grant	20.500	GA-90-X218-00	FTA-218	9/1/05 – Completion	Department of Transportation	

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Program or Award Amount	2005						Total
	Federal		State		Local		
	Expenditures	Revenues	Expenditures	Revenues	Expenditures	Revenues	
31,887	31,887	31,887					31,887
	31,887	31,887					31,887
122,815	92,111	92,111			32,511	32,511	124,622
	92,111	92,111			32,511	32,511	124,622
230,767	59,065				5,073		64,138
114,861	57,642				6,093		63,735
		174,365					
	116,707				11,166		127,873
	383,646	441,039			74,061	62,895	457,707
114,513	56,271	56,271					56,271
87,345	37,633	36,835					37,633
	93,904	93,106					93,904
	93,904	93,106					93,904
4,225,922	325,922	325,922					325,922
1,950,000	91,692	82,523					91,692
	417,614	408,445					417,614
1,970,533	6,336	6,336					6,336
20,955,122	9,854	9,854					9,854
7,763,281	1,174,174	1,174,174					1,174,174
2,208,372	346,235	346,235					346,235
8,380,099	299,756	299,756					299,756
5,756,573	2,703	2,703					2,703

Schedule of Expenditures of Federal, State, and Local Awards – Year ended December 31, 2005

Title	Federal CFDA Number	Grantor Program Number	Fund Agency Org	Program Period	Funding Source	
					Federal	State/Local
Federal Transit Capital Investment Grant	20.500	#133, #155, #170, #192	GP Mall Lease	10/1/99 – Completion	Federal Transit Administration	Department of Transportation
SUBTOTAL – FEDERAL TRANSIT CLUSTER	20.500					
TOTAL U.S. DEPARTMENT OF TRANSPORTATION						
U.S. Environmental Protection Agency:						
Nonpoint Source Implementation Grant	66.460	751-40105	EPD – 2004 – CCBMP	4/28/04- 6/30/07	U.S. Environmental Protection Agency	Georgia Environmental Protection Div. Water Protection Branch
Nonpoint Source Implementation Grant	66.460	751-40030	EPD – 2003 – LYR	7/17/03- 6/30/05	U.S. Environmental Protection Agency	Georgia Environmental Protection Div. Water Protection Branch
Nonpoint Source Implementation Grant	66.460	751-40069	EPD – AERIAL	9/30/03- 4/30/07	U.S. Environmental Protection Agency	Georgia Environmental Protection Div. Water Protection Branch
SUBTOTAL	66.460					
Surveys, Studies, Investigations, and Special Purpose Grants	66.606	USEPA2003/04	EPA2003/04	10/1/05 – 12/30/05	U.S. Environmental Protection Agency	Georgia Environmental Protection Agency
Surveys, Studies, Investigations, and Special Purpose Grants	66.606	XP-97401300-0	EPA2000	10/1/00 – 12/31/10	U.S. Environmental Protection Agency	Georgia Environmental Protection Agency
SUBTOTAL	66.606					
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY						
Pass-Through Georgia Environmental Facilities Authority:						
Weatherization Assistance for Low Income Persons	81.042	WX-DOE-2004-05-29	DE – 2004	4/1/04 – 3/31/05	Department of Energy	Georgia Environmental Facilities Authority
Weatherization Assistance for Low Income Persons	81.042	WX-DOE-2005-06-29	DE – 2005	4/1/05 – 3/31/06	Department of Energy	Georgia Environmental Facilities Authority
Weatherization Assistance for Low Income Persons	81.042	WX-HHS-2004-05-29	HS – 2004	4/1/05 – 3/31/06	Department of Energy	Georgia Environmental Facilities Authority
Weatherization Assistance for Low Income Persons	81.042	WX-HHS-2005-06-29	HS – 2005	4/1/05 – 3/31/06	Department of Energy	Georgia Environmental Facilities Authority
SUBTOTAL	81.042					
TOTAL DEPARTMENT OF ENERGY						

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Program or Award Amount	2005						Total
	Federal		State		Local		
	Expenditures	Revenues	Expenditures	Revenues	Expenditures	Revenues	
951,280	98,266	98,266		(30,149)	22,334	52,483	120,600
	1,937,323	1,937,323		(30,149)	22,334	52,483	1,959,657
	2,354,938	2,345,769		(30,149)	22,334	52,483	2,377,272
600,000	22,825	22,825					22,825
700,000	30,416	30,416					30,416
252,840	31,362	31,362					31,362
	84,603	84,603					84,603
1,229,100	1,229,100	1,229,100					1,229,100
3,911,091	34,065	34,065					34,065
	1,263,165	1,263,165					1,263,165
	1,347,768	1,347,768					1,347,768
48,975	46,249	46,249					46,249
45,554	36,512	36,512					36,512
51,958	50,224	50,224					50,224
51,958	36,589	36,589					36,589
	169,574	169,574					169,574
	169,574	169,574					169,574

continued...

Schedule of Expenditures of Federal, State, and Local Awards – Year ended December 31, 2005

Title	Federal CFDA Number	Grantor Program Number	Internal Grant Number	Program Period	Funding Source	
					Federal	State/Local
Pass-Through Atlanta Regional Commission:						
Special Programs for the Aging, Title III Part B Supportive Services and Senior Centers	93.044	AR05	AR04-IIIB	7/1/04 – 6/30/05	Department of Health & Human Services	Atlanta Regional Commission
Special Programs for the Aging, Title III Part B Supportive Services and Senior Centers	93.044	AR06	AR05-IIIB	7/1/05 – 6/30/06	Department of Health & Human Services	Atlanta Regional Commission
Special Programs for the Aging, Title III Part C Nutrition Services	93.045	AR05	AR04-IIIC	7/1/04 – 6/30/05	Department of Health & Human Services	Atlanta Regional Commission
Special Programs for the Aging, Title III Part C Nutrition Services	93.045	AR06	AR05-IIIC	7/1/05 – 6/30/06	Department of Health & Human Services	Atlanta Regional Commission
National Service Incentive Program	93.053	AR05	AR04-USDA	7/1/04 – 6/30/05	Department of Health & Human Services	Atlanta Regional Commission
National Service Incentive Program	93.053	AR06	AR05-USDA	7/1/05 – 6/30/06	Department of Health & Human Services	Atlanta Regional Commission
SUBTOTAL – AGING CLUSTER	93.044/045/053					
Pass-Through Atlanta Regional Commission:						
National Family Caregiver Support	93.052	AR05	AR04-IIIE	7/1/04 – 6/30/05	Department of Health & Human Services	Atlanta Regional Commission
National Family Caregiver Support	93.052	AR06	AR05-IIIE	7/1/05 – 6/30/06	Department of Health & Human Services	Atlanta Regional Commission
SUBTOTAL	93.052					
Pass-Through Atlanta Regional Commission:						
Social Services Block Grant	93.667	AR05	AR04-SSBG	7/1/04 – 6/30/05	Department of Health & Human Services	Atlanta Regional Commission
Social Services Block Grant	93.667	AR06	AR05-SSBG	7/1/05 – 6/30/06	Department of Health & Human Services	Atlanta Regional Commission
SUBTOTAL	93.667					
Pass-Through State Department of Medical Assistance:						
Medical Assistance Program	93.778		GADCH – 2005	6/30/04 – 8/31/05	Department of Health & Human Services	Georgia Department of Community Health
Medical Assistance Program	93.778		GADCH – 2006A	9/30/05 – 6/30/06	Department of Health & Human Services	Georgia Department of Community Health
SUBTOTAL	93.778					
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES						

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Program or Award Amount	2005						Total
	Federal		State		Local		
	Expenditures	Revenues	Expenditures	Revenues	Expenditures	Revenues	
150,368	64,270	64,270	3,780	3,780	8,520	8,520	76,570
147,434	58,512	56,047	3,442	3,298	6,884	7,024	68,838
307,692	124,866	124,866	7,348	7,348	18,913	18,966	151,127
315,278	129,991	127,359	7,647	7,492	15,293	25,447	152,931
15,150	4,356	4,356			6	6	4,362
29,026	13,734	14,758					13,734
	395,729	391,656	22,217	21,918	49,616	59,963	467,562
57,541	24,609	24,609	4,922	4,922	3,283	3,283	32,814
57,542	21,371	19,581	4,274	3,916	2,849	2,609	28,494
	45,980	44,190	9,196	8,838	6,132	5,892	61,308
102,917	58,001	58,001			7,981	7,981	65,982
121,261	62,124	52,249			8,471	7,123	70,605
	120,125	110,250			16,452	15,104	136,577
35,450	36,733	36,733					36,733
90,475	18,383	34,839					18,383
	55,116	71,572					55,116
	616,950	617,668	31,413	30,756	72,200	80,959	720,563

continued...

Schedule of Expenditures of Federal, State, and Local Awards – Year ended December 31, 2005

Title	Federal CFDA Number	Grantor Program Number	Internal Grant Number	Program Period	Funding Source	
					Federal	State/Local
Department of Homeland Security:						
State Domestic Preparedness Equipment Support Program	97.004	2004 GCT 4001	CERT – 2004	3/29/04 – 3/31/06	Department of Homeland Security	Georgia Emergency Management Agency
State Domestic Preparedness Equipment Support Program	97.004	GAN 2003-MUT30010	HAZMAT – 2003-02	6/3/03 – 4/30/06	Department of Homeland Security	Georgia Emergency Management Agency
State Domestic Preparedness Equipment Program	97.004	GAN 2003-MUT30010	Homeland Police Ph-2	1/1/05 – 12/31/05	Department of Homeland Security	Georgia Emergency Management Agency
SUBTOTAL	97.004					
Hazard Mitigation Plan	97.039	FMA-113502	FEMA – 2002	3/20/06 – 3/30/07	Department of Homeland Security	Georgia Emergency Management Agency
SUBTOTAL	97.039					
TOTAL DEPARTMENT OF HOMELAND SECURITY						
SUBTOTAL FEDERAL ASSISTANCE:						
State Assistance:						
Bog Turtle Grant	N/A	BOGTURTLE	BOGTURTLE	1/1/04 – 12/31/05		Georgia Department of Natural Resources
Capital Improvement Assistance – Federal Transit	N/A	PT000-0001-99-014	GADOT-014	6/17/99 – Completion		Georgia Department of Transportation
Capital Improvement Assistance – Federal Transit	N/A	PT000-2001-03-011	GADOT-011	10/1/99 – Completion		Georgia Department of Transportation
Capital Improvement Assistance – Federal Transit	N/A	PT000-2001-04-015	GADOT-015	10/1/99 – Completion		Georgia Department of Transportation
Capital Improvement Assistance – Federal Transit	N/A	PT000-2001-01-017	GADOT-017	10/1/99 – Completion		Georgia Department of Transportation
Community Based Day Care Services Division of Aging Services Home Delivered Meals	N/A	AR-05	AR04-CBS	7/1/04 – 6/30/05		Atlanta Regional Commission
Community Based Day Care Services Division of Aging Services Home Delivered Meals	N/A	AR-06	AR05-CBS	7/1/05 – 6/30/06		Atlanta Regional Commission
Community Based Day Care Services Division of Aging Services	N/A	AR-05	AR04-ITCO	7/1/04 – 6/30/05		Atlanta Regional Commission
Creative Enterprise	N/A	03-C-L-740	DCA – 2002	1/1/05 – 12/31/07		Georgia Department of Community Affairs
Family Connection for Gwinnett Coalition Fiscal Agent	N/A	427-93-05050539-99	FAMCON – 2004	10/1/04 – 9/30/05		Department of Human Resources
Family Connection for Gwinnett Coalition Fiscal Agent	N/A	427-93-06060340-99	FAMCON – 2005	7/1/05 – 6/30/06		Department of Human Resources
National Family Caregiver Support	N/A	AR-05	AR04-ALZ	7/1/04 – 6/30/05		Atlanta Regional Commission
National Family Caregiver Support	N/A	AR-06	AR05-ALZ	7/1/05 – 6/30/06		Atlanta Regional Commission

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Program or Award Amount	2005						Total
	Federal		State		Local		
	Expenditures	Revenues	Expenditures	Revenues	Expenditures	Revenues	
24,000	21,591	20,767					21,591
2,544	370	370					370
779,500	87,801	87,801					87,801
	109,762	108,938					109,762
16,787	16,787	16,787					16,787
	16,787	16,787					16,787
	126,549	125,725					126,549
	8,862,335	11,516,041	31,413	607	286,886	403,662	9,180,634
3,500			951	951			951
1,209,404			117,687	117,687			117,687
278,104			172,680	172,680			172,680
246,581			37,807	37,807			37,807
2,819,859			17,773	17,773			17,773
227,966			113,394	113,394	4	4	113,398
240,366			97,029	119,272			97,029
3,404			3,398	3,398	6	6	3,404
50,000			30,500	30,500			30,500
50,000			26,466	26,466			26,466
50,000			24,465	24,465			24,465
50,360			24,461	24,461	17	17	24,478
50,360			19,772	27,787			19,772

continued...

Schedule of Expenditures of Federal, State, and Local Awards – Year ended December 31, 2005

Title	Federal CFDA Number	Grantor Program Number	Internal Grant Number	Program Period	Funding Source	
					Federal	State/Local
Bioterrorism/Emergency Preparedness Capacity Development Resources	N/A	State Program-358	DPH – 2005	2/15/05 – 12/31/05		Georgia Department of Public Health
SUBTOTAL STATE ASSISTANCE						
TOTAL PROGRAMS						

See Notes to Schedule of Expenditures of Federal, State, and Local Financial Assistance.

Program or Award Amount	2005						Total
	Federal		State		Local		
	Expenditures	Revenues	Expenditures	Revenues	Expenditures	Revenues	
29,380			29,380	29,380			29,380
			715,763	746,021	27	27	715,790
	8,862,345	11,516,041	747,176	746,628	286,913	403,689	9,660,846

basis of presentation and accounting

The accompanying schedule of expenditures of federal, state, and local awards presents the activity of all federal and state financial assistance programs of Gwinnett County, Georgia (the "County"). The County reporting entity is defined in Note I to the County's financial statements. Federal financial assistance received directly from federal agencies, federal assistance passed through other government agencies, and state and local financial assistance are included on the schedule.

The accompanying schedule of expenditures of federal, state, and local awards is presented using the modified accrual basis of accounting for governmental fund types and the accrual basis of accounting for proprietary fund types as more fully described in Note I to the County's financial statements.

sub-recipient disbursements

During 2005, disbursements were made to sub-recipients of the following grant programs:

Program	CFDA	Amount
Community Development Block Grant	14.218	\$1,671,919
Emergency Shelter Grant	14.231	198,936
Home Investments Partnership Program	14.239	609,718
Partnership for Community Action	81.042	169,574
Local Law Enforcement Block Grant	16.592	39,217
Family Connection	N/A	50,930
Department of Community Affairs	N/A	30,500
Total		\$2,770,794

loans

As of December 31, 2005, the County had the following loans outstanding:

Grant Program	Number of Loans	Amount
Community Development Block Grant	6	\$92,797
Home Investments Partnership Program	25	587,129
Total		\$679,926



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

**The Board of Commissioners
Gwinnett County, Georgia**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Gwinnett County, Georgia** (the "County") as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 9, 2006, which refers to the work of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2005-01, 2005-02, and 2005-03.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the County in a separate letter dated June 9, 2006.

This report is intended solely for the information and use of the management, the Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 9, 2006



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Board of Commissioners
Gwinnett County, Georgia

Compliance

We have audited the compliance of Gwinnett County, Georgia (the "County") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2005. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the operations of the Gwinnett County Board of Health, which received \$5,847,916 in federal awards which are not included in the Schedule of Expenditures of Federal and State Awards for the year ended December 31, 2005. Our audit, described below, did not include the operations of the Gwinnett County Board of Health because the component unit engaged other auditors to perform an audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 9, 2006

GWINNETT COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2005

(1) Summary of Auditors' Results

- (a) The type of report issued on the financial statements: **unqualified opinion**
- (b) Internal control over financial reporting:
 - Material weaknesses identified: **no**
 - Reportable conditions identified, not considered to be material weaknesses: **yes**
- (c) Noncompliance material to the financial statements noted: **no**
- (d) Internal control over major programs:
 - Material weaknesses identified: **no**
 - Reportable conditions identified, not considered to be material weaknesses: **none reported**
- (e) The type of report issued on compliance for major programs: **Unqualified.**
- (f) Any audit findings which are required to be reported under Section .510(a) of OMB Circular A-133: **no**
- (g) Major Programs:
 - Home Investment Partnership Program, CFDA #14.239**
 - Airport Improvement Program, CFDA #20.106**
 - Surveys, Studies, Investigations, and Special Purpose Grants, CFDA #66.606**
 - Aging Cluster, CFDA #93.044, 93.045**

GWINNETT COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2005

- (h) Dollar threshold to distinguish between Type A and Type B programs: **\$300,000**
- (i) Audit qualified as a low-risk auditee under Section .530 of OMB Circular A-133: **yes**

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

Finding 2005-01 - Segregation of Duties

Criteria: Segregation of employee's duties is a common practice in an effective internal control structure. Policies should be in place requiring the segregation of certain duties.

Condition/Context: During the course of our testwork, we noted several areas in which the segregation of duties could be improved. The predominate area noted with this concern relates to the funds held by elected officials recorded in the County's Agency funds as well as the County's component units. The segregation of duties issues revolve primarily around the handling and recording of cash receipts. The same person who receives the cash also is the person recording the cash receipt within the system with no separate reconciled log of cash receipts. We also noted in several instances that the same individual who prepares checks for disbursement is the same individual who mails the checks out after signature. We noted certain of these issues in the following areas of the County: Magistrate Court, State Court, Superior Court, Probate Court, Juvenile Court, License and Revenue Division, Planning and Development Department, Springbrook Golf Course Commission, and the Gwinnett County Development Authority.

GWINNETT COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2005

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards* (Continued)

Finding 2005-01 - Segregation of Duties (Continued)

Effect: Without some segregation of duties within these functions there is increased exposure that someone could intentionally or unintentionally misappropriate assets of the County, its Agency Funds, and component units.

Cause: The limited number of employees involved in the various offices and the resulting overlapping of duties causes segregation of duties to be difficult.

Recommendation: We recommend the County work to design and operate effective segregation of duties with the offices of these elected officials and component units. Having adequate segregation of duties will ensure the proper recording and recognition of accounting transactions and will lessen the potential for misappropriation of County assets.

Response: The County's Department of Financial Services will continue to offer assistance to the elected officials and component units. Due to staffing levels in many of the elected official's offices and component units, total segregation of duties is not possible without support/overview from the County's Accounting Department. The Director of Accounting will contact each elected official's office and component unit to discuss this finding and possible corrective actions by September 1, 2006.

GWINNETT COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2005

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards* (Continued)

Finding 2005-02 – Capital Assets

Criteria: The County maintained almost \$4.5 billion in capital assets as of December 31, 2005, net of accumulated depreciation on those assets. Generally accepted accounting principles require that these assets be accounted for and, if applicable, depreciated on a systematic basis.

Condition/Context: During the year ended December 31, 2005, the County implemented a new financial information system which included the capital assets of each fund of the County. During the preparation of schedules for the audit, the County encountered significant difficulty in reconciling detailed schedules of capital asset balances and activity to the amounts included in the County's general ledger. Adjustments made by the County included additional review of project details to ensure that all data was being included in the capital asset balances within the system. Also, several adjustments were required to move completed construction in progress to depreciable capital asset status.

Effect: Capital asset data that can be easily reconciled to the general ledger is important timely preparation of financial statements and the related footnotes in which capital asset data is included. Additionally, accurate capital asset data is important for insurance purposes.

Cause: Difficulties encountered by employees in working with and extracting data and reports from the new financial information system have caused the capital asset reconciliation issue.

GWINNETT COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2005

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards* (Continued)

Finding 2005-02 – Capital Assets (continued)

Recommendation: We recommend that the County continue to work with the capital asset data and reporting capabilities of the new financial information system in order to have detailed reports which are reconciled to the general ledger on a regular basis. As part of this process a routine procedure should be established and monitored related to evaluating the completion of construction in progress so that it may be moved to depreciable status upon completion. Due to the size and volume of capital asset activity within the County, we also recommend that existing capital asset clerks be supervised by an accountant/analyst who can devote significant, if not exclusive, time to the accounting of the capital assets of the County.

Response: The Department of Financial Services has restructured the Accounting Department in June 2006, adding a new accounting manager who will be focused predominately on Capital Asset Management. In addition, the Accounting Department will be upgrading one of the clerical positions to a degreed accounting position within the next three months. These personnel changes, coupled with more experience utilizing the new system, will prevent these issues from recurring in the future.

GWINNETT COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2005

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards* (Continued)

Finding 2005-03 - Maintenance of a Ledger of Amount Owed by Agency Funds

Criteria: Agency funds are used to account for resources held by the County, primarily the elected officials, in a purely custodial capacity, which means that all funds held are owed to other governments, organizations, or individuals. Due to the nature of these funds, it is important that adequate records be maintained to account for receipts, disbursements, and any residual funds that are held to be paid at a later date. Such listings should be reconciled to the respective cash balances maintained.

Condition/Context: During our audit of the elected officials, we noted accounts in the Clerk of Courts, Recorder's Court, Sheriff, Juvenile Court, and Corrections for which no detail listing could be provided to support the balance of who the amount of funds being held was to be distributed to as of year end. We did note that in most cases the elected officials maintain records of the receipts and disbursements each month but they are not reconciling those to the month end balances. Such a detail should be readily available and reconciled throughout the year as additional support for the funds being held.

Effect: If these accounts are not maintained properly, as stated above, it could lead to inaccurate financial information or possible misappropriation of funds.

Cause: The bank accounts are not reconciled to subsidiary payable ledgers as of any month or year end period.

Recommendation: We recommend that the Finance Department work with the elected officials to ensure that these details are properly maintained and reconciled throughout the year.

GWINNETT COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2005

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards* (Continued)

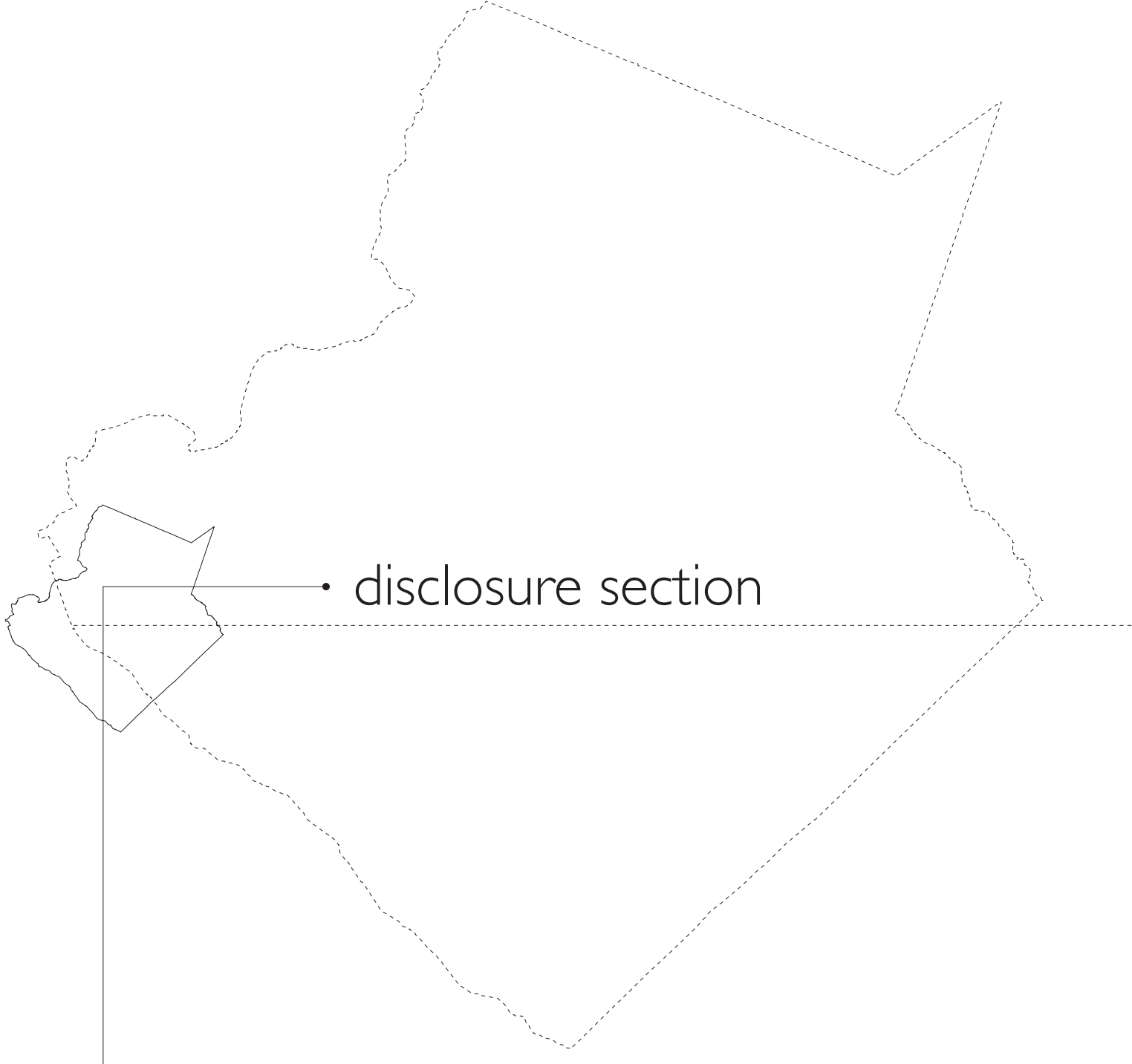
Finding 2005-03 - Maintenance of a Ledger of Amount Owed by Agency Funds (continued)

Response: The County's Department of Financial Services will continue to offer assistance to the elected officials. The Director of Accounting will contact each elected official's office to discuss this finding and possible corrective actions by October 1, 2006.

(3) Findings and Questioned Costs Relating to Federal Awards

None.

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continuing annual and event disclosures

The following disclosures comply with amendments of the **Securities and Exchange Commission (SEC) Rule 15c2-12 (b) (5) (i) (A) to (D)**. Effective in 1995, the amendments required municipal bond underwriters to gain reasonable assurance from bond issuers that they will provide continuing annual information and notices of material events for disclosure to the secondary bond market.

The following table provides a summary of continuing bond disclosure requirements:

	Annual Financial Information SEC Rule 15c2-12 (9b) (5) (I) (A)	Audited Annual Financial Statements SEC Rule 15c2-12 (B) (5) (I) (B)	Notice Of Material Events SEC Rule (B) (5) (I) (C)	Notice of Failure to Provide Annual Information SEC Rule (B) (5) (I) (D)
Nationally Recognized Municipal Securities Information	X	X		
Municipal Securities Rulemaking Board			X	X

agreement and affected bond issue

In respective Bond Resolutions, the County and the Water and Sewerage Authority (Authority) agreed to provide continuing disclosure of (a) annual information and (b) notices of material events upon issuing its:

- *Water and Sewerage Authority Revenue Bonds, Series 1997*
- *Water and Sewerage Authority Revenue Bonds, Series 1998*
- *Water and Sewerage Authority Revenue Bonds, Series 1999*
- *Water and Sewerage Authority Revenue Bonds, Series 2002*
- *Water and Sewerage Authority Revenue Bonds, Series 2003a and 2003b*
- *Water and Sewerage Authority Revenue Bonds, Series 2004*
- *Water and Sewerage Authority Revenue Bonds, Series 2005*

description of the water and sewer system

The Water System

The county obtains all of its water supply needs from facilities located at Lake Sidney Lanier (Lake Lanier), a 38,000-acre lake located just north of the County. Withdrawal from Lake Lanier is regulated through permits issued by the U.S. Army Corps of Engineers and the Georgia Department of Natural Resources, Environmental Protection Division (EPD). The water system consists primarily of the treatment facilities at Lake Lanier; transmission mains, distribution mains, booster stations, storage, and administration and operations facilities. The Lake Lanier facilities and the majority of the water system's facilities and pipes were constructed after 1970. The former Duluth Potable Water Production Facility was replaced in 1995 with a permanent remote-controlled booster pump station with a 45-million-gallons-per-day (mgd) capacity. The Shoal Creek Filter Plant was completed in 2004 and has operated continuously throughout 2005. A brief description of primary water system facilities is provided below.

Water Production Facilities. The Lake Lanier facilities include two raw water intakes with pump stations, four raw water force mains, a surge tank, a raw water reservoir, two water filtration plants, and two finished water pump stations. The Lanier Raw Water Pump Station, dating from 1976, is located on the shore of Lake Lanier and has access to deep water in the main body of the lake. This

intake consists of three 72-inch diameter fiberglass pipes of varying lengths, arranged to withdraw water from approximately 10, 24, and 45 feet below normal surface elevation of the lake (1,071 feet above mean sea level). The new Shoal Creek Intake and Pump Station utilizes a 14-foot diameter tunnel below the lake bottom to withdraw water from an elevation of 1,025 msl.

The Lanier Raw Water Pump Station has six 30 mgd pumps, allowing for a peak pumping capacity of 180 mgd and a firm capacity of 150 mgd. Two raw water force mains, 48-inch and 72-inch diameters, follow a parallel route 2.9 miles to the Lanier Filter Plant. These mains are protected using a steel hydro-pneumatic surge tank, which prevents water column separation in the event of a power failure or emergency pump shutdown. The Shoal Creek Raw Water Pump Station has four 35 mgd pumps dedicated to the Shoal Creek Filter Plant, and four 50 mgd pumps dedicated to the Lanier Filter Plant. This greatly improves reliability of the water system by having back-up pumping capability for both water production facilities. Two 72-inch diameter raw water mains carry water to the Shoal Creek and Lanier Filter Plants. This station went into operation in September 2004.

Construction of the Raw Water Distribution Structure was finished in 2005. This structure is the “meeting place” for all raw water lines from both raw water pump stations. There are accommodations for pipelines to/from the proposed future raw water reservoir. This structure allows distribution of water from either raw water pump station to either or both water treatment plants. There are also accommodations for pipelines to/from the proposed future raw water reservoir. This allows additional flexibility to maintain operations in the event of outages at either raw water pump stations.

In 2003, an engineering agreement was signed for design of a major upgrade to the Lanier Raw Water Pump Station; design continued through 2004, and the project was bid in March 2005. This work includes new pumps and motors, hydraulic system, electrical switchgear, motor starters and controls, and HVAC systems. Completion is expected mid-year 2007.

The Lanier Filter Plant is located on a 94-acre site north of the City of Buford. The plant has a treatment capacity of 150 mgd. Facility components consist of a 37 million-gallon raw water storage reservoir; ozone disinfection facilities; pre-treatment facilities (rapid mix and flocculation); filtration; clearwells; a high service pump station; chemical storage, handling, and feed systems; and newly completed residuals handling facilities. High service pumping to the water distribution system is accomplished with seven variable speed pumps, allowing a nominal firm capacity of 195 mgd. This capacity is supplemented by use of the 45 mgd Duluth Booster Pump Station, which is supplied by a pressure main from the Lanier Filter Plant through a 48-inch diameter water main. The plant is operated through the use of an integrated Supervisory Control and Data Acquisition (SCADA) computer system, which controls both the treatment facility and tanks/pump stations within the distribution system. In 1998, the Lanier Filter Plant was presented with the Grand Award of Excellence by the Consulting Engineers of Georgia. Improvements and enhancements to the Lanier Filter Plant were completed in 2002. The clearwell storage was increased by 20 mg. This increased finished water storage, allowing multi-day averaging to reduce maximum day demand peaking factor from 1.67 to 1.5, which extended the sufficiency of the Lanier Filter Plant capacity by two years. Also, a \$20 million upgrade of the residual handling facility was completed in August 2002. This improvement removed the previous liquid sludge contribution to the sanitary sewer system and replaced it with a dewatering system capable of producing a reusable residuals product. Start-up of the Shoal Creek Filter Plant took place in September 2004. The Shoal Creek facility duplicates the processes employed at the Lanier facility, with the exception of the residuals handling process: all filter backwash water is pumped to the Lanier facility for dewatering. The Shoal Creek Filter Plant sits on an 88-acre site approximately two miles west of the Lanier Filter Plant. With its capacity of 75 mgd, the total water system capacity is now 225 mgd; having the second facility improves redundancy and reliability of the overall water system.

The 1986 Amendments to the *Safe Drinking Water Act* (SDWA) expanded requirements for testing and monitoring for lead and copper content of drinking water (the “Lead and Copper Rule”), along with other new water quality parameters. To date, the

County has met the completion schedule for such testing and monitoring. The Lead and Copper Rule requires sampling of 100 customer homes deemed to be "high risk" for lead contamination. These homes must have been constructed during a specific time period prior to the EPA ban of lead-based solder, and must have lead-based solder used to join the copper pipes within the home plumbing system. Initially, a number of these homes tested above the "action level" set by EPA in the Lead and Copper Rule. However, the County's testing of the treated water at various stages of the treatment process, transmission, and distribution system failed to show lead content above the detection limit of two parts-per-billion (ppb). Thus, there is no indication that the problem originates within the water system itself, but is probably due to workmanship and/or materials used in construction of some homes. Results from three rounds of testing in 1999, 2000, and again in 2001, fell below the "action level" set by the Lead and Copper Rule. This has negated the requirement for public education mailings, and has resulted in reduced monitoring status beginning in 2000. The County continues to refine this program through monitoring of precisely defined Water Quality Parameters in the distribution system.

The County conducted a corrosion control optimization study with the help of a consulting engineering firm that examined options available to minimize corrosion. The County has conducted full-scale system evaluations of corrosion inhibitors to select products best suited for this specific water chemistry. EPD approved the County's long-term corrosion control plan in 1995 and in 1999. Successful use of blended phosphate corrosion inhibitors has optimized the County's corrosion control program.

The *1996 Reauthorization of the Safe Drinking Water Act* required that water systems begin publication and distribution of annual *Consumer Confidence Reports (CCRs)* in 1999. Our CCR, called "Gwinnett Water Words," was mailed with the April 1999, June 2000, June 2001, June 2002, May 2003, April 2004, and April 2005 water bills. CCRs detail all regulated contaminants, and certain unregulated contaminants, detected in drinking water. These include specific language dealing with particular contaminants (including lead), which may be found in drinking water and/or bottled waters. There has been a positive response from consumers regarding this report.

Vulnerability Assessment. The *Public Health, Security, and Bioterrorism Preparedness and Response Act of 2002 (PL107-188)* required community water systems serving more than 100,000 persons to conduct Vulnerability Assessments and prepare specific Emergency Response Plans. Gwinnett County DPU received EPA grant funds of \$115,000 to defray costs of this work. The Vulnerability Assessment was completed by the March 2003 deadline, and the Emergency Response Plan was finished by September 2003, as required. Specific security improvements such as closed-circuit television cameras, card-readers and automatic door locks, and fence enhancements were installed in 2004.

Transmission Mains. The transmission system includes approximately 162 miles of transmission mains. The major transmission main looping the county was completed in 1980. Approximately 87 miles of 36- and 48-inch pipe loop around the county, making it possible to reliably serve the entire area with water even in the event of a major transmission main break. Major branches form the grid to provide water service to all populated areas within the county, and also lead to wholesale customers neighboring the county. Because of continuing growth and increasing water demands, a third 48-inch transmission main was installed along the western portion of the county to reinforce the transmission main loop. This ductile iron transmission main is 21 miles long and connects to a 30-inch transmission main in Norcross. Connections between this main and the original transmission system provide greater flexibility and reliability of the water distribution system. Additionally, a new 78-inch transmission main from the Lanier Filter Plant to the center of the loop at Lawrenceville was completed in 2000. Currently, the Shoal Creek Filter Plant construction includes new transmission mains to connect the plant to the existing Lanier Filter Plant and the major transmission lines at Peachtree Industrial Boulevard, to become part of the county loop system.

The project begun in 2003 to replace the remaining sections of 48-inch concrete pipe on the west side of the county was completed in early 2004. The improvement allows for conversion of this pipe from a gravity main to a pressurized main, and increases the flow capacity to the west leg of the transmission system.

Distribution Mains. The distribution main system consists of approximately 3,215 miles of pipes of various sizes that draw water from the transmission main system for distribution to customers.

Booster Stations. The Water System includes several booster pump stations that raise water pressure in local areas to acceptable levels. They are used to provide service to customers in hilltop areas above the system delivery gradient or where limitations in transmission and storage capacity make delivery pressures too low. Currently, the water distribution system has 19 booster stations. A major re-pump station designed to serve either Gwinnett or DeKalb County with water from the other county's system during an emergency is on a permanent standby service. A major re-pump station, jointly owned by the County and the City of Norcross, provides service for the heavily populated Norcross area. Major rehabilitation of this station, including new pumps and motors, was completed in 2003. Subsequent operation and maintenance of this facility is being handled by the County. While booster stations raise water pressure above the standard system gradient, topography dictates that other areas (considerably below the system delivery gradient) are relieved of excess pressure. This is accomplished by the creation of special zones that are isolated under normal circumstances by pressure-reducing valves.

To optimize service delivery, the County has established four separate pressure zones, based on topography: South, Central, North, and Upper North. The Upper North Pressure Zone consists of the highest elevations in the county and is served by the Bogan Road Pump Station. A contract was awarded in 2002 for upsizing the existing Bogan Road Pump Station to better serve this growing area, and work was completed in 2003. The North Pressure Zone is served by three high service pumps at the Lanier Filter Plant. Additionally, water is pumped into the north area by two pump stations, Sunny Hill and Price Road. A contract was awarded in 2002 to construct the Northside (now named the Rock Quarry Road) Pump Station, to build a 10 mg tank and a 20 mgd capacity pump station. Work progressed satisfactorily and the pump station was completed in summer 2004. The Central Pressure Zone consists of customers at average elevations. Water is delivered to the central area from four high service pumps at the Lanier Filter Plant through the county's transmission mains, and from the Duluth Booster Pump Station. As mentioned previously, the Duluth Booster Pump Station, located 12 miles into the distribution system, is supplied by a pressure main from the Lanier Filter Plant. The Central Service Area Tank Facility and Pump Station, now called the Grayson Pump Station, was completed in November 2001 and incorporates 20 million gallons of storage and a 40 mgd pump station. Land acquisition is under way for the Westside Pump Station, which will consist of two 15 mg tanks and a 30 mgd pump station. Design was completed this year for a new pump station at the Rockbridge Road tank site. This will replace the 1970s vintage pump station which has served this area for 30+ years. This project will bid in early 2006. The South Pressure Zone is a region with elevations lower than the rest of the County; water is delivered to the South area from the central area along a series of pressure-reducing valves.

Storage Facilities. Water system storage is either ground storage, in elevated tanks, or in standpipes located at key sites throughout the distribution system. The finished water clearwells at the Lanier and Shoal Creek Filter Plants provide storage at 58.2 million gallons (39.2 at Lanier and 19 at Shoal Creek). Five million-gallon ground storage tanks are located near the cities of Norcross, Buford, Snellville, and Lilburn. The County and the City of Norcross equally share storage capacity in the Norcross tank. Completion of a new 10 mg tank in Buford and the new clearwell at the Shoal Creek Filter Plant boosts total finished water storage to 120.7 mg.

water consumption 1998 – 2005

Customers of the Water System. As of December 31, 2005, the Water System had 220,856 retail customers. The Water System provides treated water to both retail and wholesale customers within and around the county. The Water System provides water at retail rates directly to customers residing in unincorporated areas of the county, as well as to many customers within incorporated areas. As municipalities within the county annex contiguous areas, water and sewer service remains with Gwinnett County and the residents of the contiguous areas continue to purchase water at retail rates. Gwinnett County provides direct retail service to the residents of Berkeley Lake, Dacula, Duluth, Grayson, Lilburn, Snellville, Sugar Hill, and Suwanee. The Water System also provides direct retail service to some of the residents of the cities of Buford, Lawrenceville, Loganville, and Norcross. It serves some of the residents of Buford, Lawrenceville, and Norcross, on a wholesale basis. The City of Lawrenceville supplements its water system with wells. The City of Buford has its own intake in Lake Lanier and its own water treatment plant. The Gwinnett County Water System also sells water on a wholesale basis to Rockdale County, the Barrow County Water Authority, the Town of Auburn in Barrow County, the City of Braselton in Barrow County (billed with Barrow County), the City of Loganville in both Gwinnett and Walton Counties, the Walton County Water and Sewer Authority, and the City of Gainesville. The County purchased the City of Duluth water system in December 1991, the City of Grayson water system in May 1993, the City of Sugar Hill water and sewer system in December 1995, and the City of Dacula water system in May 1996.

The following table shows the average daily consumption, in mgd, of water billed by the Water System during the years 1998 through 2005:

Year	Gwinnett County Consumption		Out-of-County Consumption*	Total Average Daily Consumption
	Retail	Wholesale	Wholesale	
1998	54.46	3.06	8.04	65.56
1999	61.32	3.19	7.79	73.27
2000	62.86	3.64	7.46	73.91
2001	61.38	3.53	8.23	73.11
2002	61.95	3.55	5.91	71.41
2003	58.68	2.88	1.16	62.72
2004	58.23	3.01	0.99	62.23
2005	63.01	2.83	1.06	66.90

*Out-of-county consumption is all at wholesale rates.

Water that is unaccounted for due to water system losses, fire flows, and other causes were approximately 14 percent between 1997 and 2001. Due to these same factors, non-revenue water was 15.1 percent in 2001, 13.8 percent in 2002, 17.5 percent in 2003, 17.7 percent in 2004, and 12.9 percent in 2005. Although these are typical values for a municipal system this size (the national average is 15 percent), the County has begun a program to identify and decrease sources of unaccounted for water in the system.

The following tables show the 10 largest retail and wholesale customers of the Water System during the 12 months ended December 31, 2005. Total water usage during the 12 months ending December 31, 2005, was 23,100,582 gallons, generating \$100,932,887 in usage revenues (excluding late fees). No single retail customer accounted for more than .87 percent of total Water System usage revenues in 2005, and the 10 largest retail customers together accounted for 2.50 percent of such revenues. No single whole-

sale customer accounted for more than 2.2 percent of total Water System usage revenues in 2005, and the 10 wholesale customers together accounted for 4.3 percent of such revenues.

water use: 10 largest retail water customers – 2005

Customer	Thousands of Gallons-Per-Year	mgd	Total Revenues Received
Gwinnett County Board of Education*	208,426.1	0.57	\$872,153.67
Publix #3430700	125,182.0	0.34	432,561.11
Gwinnett County BOC (Jail)	69,294.0	0.19	223,819.63
Phillips State Prison	68,037.3	0.19	219,760.48
MTS Sweetwater Road	43,793.9	0.12	141,515.53
OFS – Brightwave	43,533.4	0.12	145,379.57
Management Association	42,116.7	0.12	136,076.96
FPC/Westwood Apartments	38,203.8	0.10	123,718.30
Atlanta At Woodhill	36,216.0	0.10	116,977.68
Bridgewater Apartments	34,111.4	0.09	110,179.81
TOTAL	708,914.6	1.94	\$ 2,522,142.74

*Does not include irrigation accounts

water use: wholesale water customers – 2005

Customer	Thousands of Gallons-Per-Year	mgd	Total Revenues Received
City of Lawrenceville	789,144.3	2.16	\$ 2,191,961.62
City of Norcross	316,769.1	0.87	830,004.24
City of Braselton	202,475.9	0.55	655,108.44
City of Auburn	182,360.5	0.50	559,424.55
City of Buford	33,033.5	0.09	100,968.02
City of Loganville	2,831.3	0.01	8,663.78
City of Suwanee	2,747.9	0.01	8,408.59
Walton County Water	759.0	0.00	2,443.98
Rockdale County	91.0	0.00	1,008.48
City of Gainesville	41.0	0.00	132.05
TOTAL	1,530,253.5	4.19	\$ 4,358,123.75

retail monthly meter charges

Current Water Rates. The table presented below shows major rate categories currently in effect. The Gwinnett County Board of Commissioners adopted the following rates at their regular meeting of July 19, 2005. Water rates are fixed by the County and are subject to change, as the County deems advisable. Rates set by the County are not subject to approval by any outside agency.

Meter Size	Base Charge
¾"	\$ 7.30
1"	16.00
1 ½"	26.00
2"	51.00
3"	140.00
4"	205.00
6"	390.00
8"	730.00

Note: The base charge is separate from the volume charge for either water or sewer usage. Where one meter serves more than one unit, the monthly meter charge is the greater of (a) the number of units in the structure or location served times \$5.85, or (b) the monthly charge for size actually installed.

retail monthly water charges

Volume Charge. Except for the seasonal residential water surcharge and seasonal irrigation water charge as described below, all accounts shall be charged the following volume charge for water that passes through the water meter:

Current 2006	Effective January 1, 2007	Effective January 1, 2008
\$3.30/1,000 gallons	\$3.47/1,000 gallons	\$3.66/1,000 gallons

First Tier Seasonal Water Surcharge – All Accounts Other Than Irrigation and Builder. For all billings for the months of June, July, August, September, and October, all accounts other than irrigation, non-sewer irrigation and builder accounts that use more than 10,000 gallons and that use more than 125 percent but less than 200 percent of the average usage of the previous January, February, and March billings shall pay a surcharge on usage above that 125 percent allowance as follows:

Current 2006	Effective January 1, 2007	Effective January 1, 2008
\$0.83/1,000 gallons	\$0.87/1,000 gallons	\$0.92/1,000 gallons

Second Tier Seasonal Water Surcharge – All Accounts Other Than Irrigation and Builder. For all billings for the months of June, July, August, September, and October, all retail and all wholesale accounts other than irrigation, non-sewer irrigation and builder accounts that use more than 10,000 gallons and that use more than 200 percent of the average usage of the previous January, February, and March billings shall pay a surcharge on usage above that 200 percent threshold as follows:

Current 2006	Effective January 1, 2007	Effective January 1, 2008
\$3.30/1,000 gallons	\$3.47/1,000 gallons	\$3.66/1,000 gallons

Seasonal Irrigation and Builder Water Volume Charge. For all billings for the months of June, July, August, September, and October, all irrigation and non-sewer irrigation and builder accounts shall pay the following volume rate for all water during the billing period:

Current 2006	Effective January 1, 2007	Effective January 1, 2008
\$4.13/1,000 gallons	\$4.34/1,000 gallons	\$4.58/1,000 gallons

For billings in all other months, the volume rate on irrigation and non-sewer irrigation and builder accounts shall be as follows:

Current 2006	Effective January 1, 2007	Effective January 1, 2008
\$3.30/1,000 gallons	\$3.47/1,000 gallons	\$3.66/1,000 gallons

fire protection

Customers are charged \$1.45 per inch of fire service pipe diameter per month. Each private line is equipped with an approved detector meter at the customer's expense.

connection charge

Charges for connecting new services to the Water System (effective since December 1, 1992):

Meter Size	Charge per Connection
¾"	\$ 350
1"	583
1½"	1,167
2"	1,870
3"	860
4"	1,160
6"	2,150
8"	3,960
10"	4,120
12"	6,440

water system development charges

Water Meter Size	January 1, 2003	January 1, 2004	January 1, 2005	January 1, 2006	January 1, 2007
¾"	\$ 811	\$ 977	\$ 1,177	\$ 1,292	\$ 1,418
1"	1,794	2,492	3,461	4,079	4,807
1½"	3,868	5,574	8,032	9,641	11,573
2"	6,391	9,358	13,702	16,580	20,063
3"	12,975	19,371	28,921	35,338	43,179
4"	18,940	27,006	38,509	45,984	54,910
6"	45,386	70,837	110,561	138,125	172,561
8"	70,615	108,691	167,298	207,558	257,506
10"	Varies*				
12"	Varies*				

*Determined by the Department of Public Utilities

Raw Water Supply. On July 2, 1973, the County entered into the "Contract between the United States of America and Gwinnett County, Georgia, for Withdrawal of Water from Lake Sidney Lanier;" and has since entered into several extensions and modifications to that agreement (collectively known as the "Contract"). The Contract granted the County the right to withdraw raw water from Lake Lanier for municipal and industrial uses at an average annual rate of 53 mgd. The Contract permitted the County to construct and operate facilities to withdraw water and requires the County to maintain certain records.

The Contract originally provided that either party could terminate it upon providing three years notice. Unless otherwise terminated, the Contract would continue for 30 years or until the Federal government completed its study of area water storage, discharge, and withdrawal needs. In June 1985, the U.S. Corps of Engineers, Army Engineers District-Mobile (the Corps of Engineers) gave the County notice that the Contract would be terminated on July 1, 1989. In June 1989, the Contract was extended for six months, until January 1, 1990. That historical contract is no longer in effect; however, the County has continued to withdraw water from Lake Lanier, which provides all of the County's raw water.

From 1990 to 2000, the County paid \$9.74 per million gallons for water withdrawn. In April 2000, the U.S. Corps of Engineers increased this amount to \$18.80 per million gallons. In December 2000, customers of the Southeastern Power Administration, which receive the benefits of hydropower production from Corps of Engineers projects in the ACT and ACF basins, filed a lawsuit seeking an increase in the price charged to municipalities drawing domestic water supplies from Lake Lanier. Gwinnett County, with the Atlanta Regional Commission and others, joined in the mediation of this lawsuit. The settlement of this litigation, signed by the United States, the State of Georgia, and hydropower customers as well as the municipal water purveyors, restores the contractual relationship between Gwinnett County and the United States Corps of Engineers pending *National Environmental Policy Act* procedures. The new contracts will reserve unto Gwinnett County a portion of the conservation pool of Lake Lanier sufficient to yield an annual average supply of up to 152 mgd even during a severe drought. The annual cost of raw water will increase from approximately \$700,000 per year on an escalating and interminable schedule to approximately \$1,780,000 per year on a 30-year amortization schedule, after which payments for that volume of water cease. The interim water storage contract appended to the mediation agreement and which is convertible to a permanent storage contract has a 10-year term with an automatic 10-year renewal pro-

vision. This conversion to a permanent storage contract is contingent upon clarification of the legal authority granted to the U.S. Army Corps of Engineers by the Congress to enter into permanent contracts.

The Water System is required to have a permit from EPD to withdraw water from Lake Lanier. In 1997, the County received a revised withdrawal permit for 150 mgd during a maximum day. This rate of withdrawal coincided with the capacity of the expanded plant on which construction was completed in December 1997. The withdrawal permit was amended in 1999 to change the 150-mgd limit from "maximum day" to "average day for any month." This permit modification allowed the County to proceed with the new Shoal Creek Filter Plant construction to increase the water production capacity from 150 mgd to 225 mgd. Major construction of this plant was finished in 2004 with items on the contractor's punch list to be completed in 2005. The current withdrawal permit is sufficient to meet near-term demand projections. For example, the maximum monthly withdrawal rate was 99 mgd in 2001, 103 mgd in 2002, and 90 mgd in 2003. The County will continue to pursue increased withdrawals from Lake Lanier as demand increases, such that, as a minimum, the withdrawal permit from Georgia EPD will rise to be consistent with the yield of the storage contract with the U.S. Army Corps of Engineers.

On June 28, 1990, the State of Alabama filed a lawsuit in the *United States District Court for the Northern District of Alabama against the Corps of Engineers, State of Alabama v. the United States Army Corps of Engineers, et al.* In the lawsuit, the State of Alabama alleges that, among other things, the Corps of Engineers violated the *National Environmental Policy Act* in connection with the proposed reallocation of a portion of Lake Lanier's conservation storage to municipal and industrial water supply. The State of Florida joined the lawsuit, and on September 19, 1990, at the request of the State of Alabama and the Corps of Engineers, the District Court entered an order staying the proceedings so that the negotiations among the States may occur and a comprehensive study of the water resources of the Alabama-Coosa-Tallapoosa and the Apalachicola-Chattahoochee-Flint River basins could be performed. This study is known as the "ACT/ACF Basins Comprehensive Water Resources Study." The Corps of Engineers, along with the States of Georgia, Alabama, and Florida performed the study. The three states approved Basin Compacts in early 1997, essentially completing the Comprehensive Study. These Compacts were ratified by the U.S. Congress and signed by the President of the United States in December 1997. The three states and the federal government were in the process of developing a management system for water resources in the ACT/ACF basins and a formula for the allocation of ACT/ACF water and storage, as mandated by the Compacts. However, the ACF compact, and interstate water allocation discussions between Georgia, Alabama, and Florida on the ACF basis, ended on September 1, 2003. The case in the Northern District of Alabama is proceeding.

The State of Florida has initiated new litigation against the United States Corps of Engineers alleging that the Corps' continued operation of the ACF system in support of water supply without the interagency consultation required by Section 7 of the *Endangered Species Act* is a violation of the Act.

An additional issue facing the Water System is long term supply after 2030. In the event the County does not receive an allocation sufficient to meet its forecasted demand beyond 2030, the County will have to consider alternative means of meeting the projected demand. The costs of implementing alternative means to meet this demand cannot be determined at this time. However, return flows of high quality reclaimed water are expected to be advantageous to Gwinnett's future allocation.

the sewerage system

The sewerage treatment facilities of the System (the "Sewerage System") consist of five major and three minor Water Reclamation Facilities ("WRFs") that are wholly owned by the County. Minor WRFs are those treating 1 mgd or less. In addition, the County either owns or has contractual treatment capacity currently in two other WRFs. Total permitted treatment capacity currently available to Gwinnett County is 64.1 mgd.

sewerage system capacity and usage in 2005

Treatment of Wastewater. Gwinnett County's total owned and contracted wastewater treatment capacity is currently 64.1 mgd. All of the sewerage system's major WRFs provide advanced treatment under some of the most stringent environmental requirements in the state of Georgia. A complete chemical and microbiological environmental laboratory ensures the WRFs provide consistent reporting and monitoring to the regulators, monitor, and enforce industrial pretreatment requirements, and provide stream quality monitoring of all streams and rivers within the county as needed. Separate wastewater laboratories are also maintained at each WRF to monitor and effect process control.

Water Reclamation Facilities. The Sewerage System's major treatment facilities are the F. Wayne Hill Water Resources Center, the Yellow River WRF, the Crooked Creek WRF, the Beaver Ruin WRF, and the Jackson Creek WRF. The Sewerage System has purchased treatment capacity in DeKalb County and City of Buford. The following table shows the permitted capacity in mgd of each treatment facility and the approximate usage for each during 2005.

Wastewater Treatment Facility	Permit	ADMMF	AADF
F. Wayne Hill Water Resources Center	20.0	19.5	18.1
Crooked Creek WRF	16.0	13.4	12.3
Yellow River/Sweetwater Creek WRF	12.5	10.7	9.8
Pole Bridge WPCF ⁽¹⁾	5.0	4.4	3.9
Beaver Ruin WRF	4.5	3.9	3.2
Jackson Creek WRF	3.0	3.0	2.8
Jacks Creek WRF	1.0	0.6	0.5
No Business Creek WRF	1.0	1.0	0.9
Buford Southside WPCP ⁽²⁾	0.6	0.5	0.54
Sugar Hill LAS ⁽²⁾	0.5	0.5	0.11
TOTAL System	64.1	55.3 ⁽³⁾	52.1

(1) Plant capacity at Pole Bridge is used through an agreement with DeKalb County.

(2) Acquired as part of the Sugar Hill System purchase in December 1995.

(3) This figure shows the Average Daily Maximum Month Flow for the total system and is not the sum of the individual locations.

The numbers shown by each individual location reflect location specific information before system totals are calculated.

(4) Closed (on standby).

The County reports the number of National Pollutant Discharge Elimination System (NPDES) permit non-compliance events experienced by the County's WRFs were seven, one, zero, zero, one, and zero for the years 2000 through 2005 respectively. Additionally, Gwinnett County WRFs have won a total of 78 awards from the Association of Metropolitan Sewerage Agencies and the Georgia Water and Pollution Control Association in the years 2000 through 2005, including Platinum Awards for five WRFs for five consecutive years with no permit violations. In 2001 and 2002, the Jackson Creek WRF was selected as *Plant of the Year* in its size category by the Georgia Water and Pollution Control Association.

As part of a 50-Year Water and Wastewater Master Plan, the F. Wayne Hill Water Resources Center (FWH WRC) started operation in early 2001. This \$245 million advanced water reclamation center was constructed on a 200-acre footprint inside a 700-acre site in the northwest portion of the county in a triangle bound by State Route 20, I-85, and I-985. The additional acreage outside the Center provides buffered areas and space for a planned community nature center. The permit issued by the EPD allows for discharge of up to 20 million gallons of reclaimed water per day through an existing outfall in the Chattahoochee River, just inside

Fulton County. The new facility is part of a comprehensive plan to protect and conserve the County's limited water supply. The FWH WRC meets the strictest overall treatment requirements in the Southeast, producing high quality reclaimed water that is clean enough to discharge to a drinking water supply source. Construction is under way for Phase II of the facility and is expected to be in operation in 2005 at an estimated cost of \$343 million. Phase II will add 40 mgd, bringing the total water reclamation capacity at the F. Wayne Hill WRC to 60 mgd. In September 2001, the Georgia EPD issued the permit for the 40 mgd expansion of the plant. The discharge is permitted into Lake Sidney Lanier. This lake is the source of the drinking water that created the wastewater. The permit was appealed by the Lake Lanier Association, the Upper Chattahoochee Riverkeeper, the Sierra Club, and Mr. Terence Hughey. The Administrative Law Judge ruled in favor of the Georgia EPD in November 2002. This permit was subsequently appealed to Hall Superior Court and is currently under review by the State Court of Appeals. The Georgia Supreme Court reviewed the appeals court decision. A subsequent negotiated permit is to be issued by the State.

Collection System. Gwinnett County has approximately 2,368 miles of sewers ranging in size from eight inches to 72 inches in diameter, and approximately 200 pump stations. These gravity sewers and pump stations collect and transmit the wastewater flow from the water customers who are served by the sewer system to the WRFs. Sewer service is provided in the central, western, and north central portions of the county. The Lower Apalachee and Lower Alcovy basins are only minimally served by sewers presently. The current Water and Wastewater Master Plan Update outlines future areas to be served by the sewer system and projects a timeline for this service. The County experienced several sanitary sewer overflows in 2004, mainly due to root intrusion and grease accumulation in the sewer system. The County has a program to address these issues.

Interbasin connection by pumped flows allows management to direct flow to the treatment facility that is best able to handle the flows. In basins where treatment facilities are located downgradient of other treatment facilities, the upgradient facilities have diversion gravity lines that allow flows to be diverted for downstream treatment when needed. All pump stations have remote telemetry capability, which reports power outages, high water level alarms, and other problems to a central control center that is manned continuously. Critical pump stations that could overflow into waters with the potential for human contact have backup telemetry as well. The telemetry system is monitored by a computer that periodically queries the current status of the stations and verifies the pump stations' ability to call in alarms.

All pump stations are visited and checked by maintenance personnel on the scheduled preventive maintenance frequency recommended by the manufacturer. Alarms are investigated and needed repairs are promptly accomplished. Right-of-ways and easements are maintained for access to all sewer system gravity lines and pump stations. Large pump stations have dual electrical feed or standby generators for emergency use. The County owns portable generators that can be transported to small pump stations in power outage situations.

A state-approved pretreatment program is in place. This program protects the treatment facilities from discharges to the sewers of materials that could upset or harm the biological treatment processes at the treatment plants. In addition, this program protects the sewer collection system from discharges of materials that could damage the gravity lines and/or the pump stations.

Reserve Capacity. In the late 1970s and early 1980s the County entered into reserve capacity agreements with certain large landholders as a means of generating capital to construct WRFs. The facilities were constructed as promised by the County, and the reserve capacity made available for the holders of these liens on future capacity. The reserve capacity was specific to parcels of land, and as this land was subdivided and sold, so too were the sewerage rights associated with it. The County administrative staff carefully monitors the assignments of these rights. Meanwhile, the Sewerage System derives over \$15,000 per year in revenues from

reserve capacity status report

the unexercised options. The following table shows the approximate remaining open commitments of these agreements as of December 31, 2005.

Assignee	mgd
Kraft Corporation	0.022
Indian Brook Park Association	0.013
Williams Brothers Concrete	0.011
Trammell Crow Company ⁽¹⁾	0.009
Kuniansky Max	0.007
Sams Mr. Kenneth	0.006
Waffle House	0.005
Property Georgia Warehouse	0.005
Metro Land Management	0.004
Formetco Incorporated	0.004
Mollexa II Corporation	0.003
United Stationers Company	0.002
Rick Case	0.002
Burkett Oil Company, Incorporated	0.001
Trammell Crow Company ⁽²⁾	0.001
K C Coatings, Incorporated	0.001
Autozone	0.001
D & D Associates	0.001
Wachovia Bank	0.001
TOTAL	0.099

Source: Gwinnett County Department of Public Utilities

Customers of the Sewerage System. As of December 31, 2005, the Sewerage System had 135,311 retail customers. The City of Norcross uses the Sewerage System facilities on a wholesale basis. Norcross made capital contributions to the Sewerage System to aid in construction and in order to assure itself of adequate future treatment capacity. Norcross maintains its own sewer lines within its corporate limits. A similar contract with DeKalb County allows DeKalb to share proportionately in the operational cost of the Jackson Creek WRF up to the 1.12 mgd capacity reserved for DeKalb. Residents of Lilburn, Snellville, Berkeley Lake, Grayson, Duluth, Dacula, Suwanee, and Sugar Hill who are connected to the Sewerage System receive their service directly from the County. A portion of the residents of Buford are served by Buford's wastewater treatment system, while others are served by the County.

The following table shows the 10 largest retail users of the Sewerage System during 2005. Total sewer usage during 2005 was 14,452,133.2 gallons, generating \$54,347,463.31 in usage revenues (excluding late fees). No single retail user accounted for more than 1.28 percent of total Sewerage System revenues in 2005, and the 10 largest users together accounted for 4.7 percent of such revenues. In addition to retail customers, the County also provided service to two municipal customers on a wholesale basis: DeKalb County and the City of Norcross. DeKalb County produced 0.56 mgd of wastewater in 2005 and was billed \$525,775. The City of Norcross produced 1.00 mgd of wastewater in 2005 and was billed \$721,706. These two wholesale customers accounted for 2.29 percent of the total Sewerage System revenues.

10 largest retail sewerage users – 2005

Customer	Thousands of Gallons Per Year	mgd	Total Revenues Received
Gwinnett County Board of Education*	180,472.1	0.49	\$ 698,223.53
Publix 3430700	122,044.0	0.33	445,030.72
Gwinnett County BOC (Jail)	68,950.7	0.19	267,528.72
Phillips Correctional Institute	68,037.3	0.19	263,984.42
MTS Sweetwater Road	43,793.9	0.12	169,920.33
Management Association	42,116.7	0.12	163,412.80
FPC/Westwood Apartment	38,203.8	0.10	148,230.73
Atlanta at Woodhill	36,216.0	0.10	140,518.08
Bridgewater Apartments	34,111.4	0.09	132,352.22
Landings at Peachtree	32,860.2	0.09	127,497.58
Totals	666,806.1	1.83	\$2,556,699.43

* Does not include irrigation accounts.

Current Sewerage Rates. The schedule presented below shows sanitary sewer rates. The Board of Commissioners adopted these rates at their meeting on July 19, 2005. The rates are subject to change by the County, as it deems advisable. Rates set by the County are not subject to the approval of any outside agency.

volume sewer charge

The following volumetric sewer charge shall apply to all water consumed.

Effective January 1, 2006	Effective January 1, 2007	Effective January 1, 2008
\$3.96/1000 gallons	\$4.17/1000 gallons	\$4.52/1000 gallons

industrial surcharge

As computed for specific conditions of discharge.

sewer system development charge

Water Meter Size	January 1, 2003	January 1, 2004	January 1, 2005	January 1, 2006	January 1, 2007
¾"	\$ 1,512	\$ 1,804	\$ 2,153	\$ 2,352	\$ 2,569
1"	4,792	5,848	7,137	7,884	8,709
1.5"	11,701	14,212	17,262	19,025	20,967
2"	19,815	24,256	29,693	32,853	36,349
3"	51,932	59,531	68,242	73,064	78,227
4"	69,571	78,379	88,302	93,725	99,481
6"	179,503	215,969	259,843	285,017	312,630
8"	274,470	327,558	390,914	427,049	466,525
10"					
12"					

*System development charges for meters larger than 8" will be determined by the Department of Public Utilities to reflect anticipated average daily wastewater flows; insufficient data are available to develop equivalent flow factor for these large meters.

annual financial information

gwinnett county water and sewerage system and authority summary of combined operating results (in thousands of dollars)

SEC Rule 15c2-12(b)(5)(i)(A) requires annual financial information and operating data that are generally consistent with the presentation included in the Official Statement for each Bond Issue. The following table provides a summary of combined operating results:

	2005	2004	2003	2002	2001
Operating Revenues:					
Residential and commercial service	\$170,187	\$155,209	\$145,625	\$140,444	136,276
Wholesale service	4,711	5,725	4,621	9,033	10,013
Public fire protection charges to other funds	412	392	378	353	318
Connection charges	2,795	3,375	3,248	2,896	3,344
Intergovernmental	-	-	115	334	-
Miscellaneous	1,462	1,692	4,746	1,686	3,483
Total operating revenues	179,567	166,393	158,733	154,746	153,434
Operating Expenses:					
Water production	13,238	12,718	14,332	11,012	9,189
Distribution and collection	27,174	26,770	26,302	26,630	22,011
Engineering	7,164	6,837	6,360	6,035	4,592
Reclamation	24,835	23,799	22,193	21,842	19,134
Depreciation and amortization	46,277	36,570	32,939	31,412	22,765
General and administrative	11,970	10,039	9,858	9,542	8,258
Total operating expenses	130,658	116,733	111,984	106,473	85,949
Operating income	48,909	49,660	46,749	48,273	67,485
Nonoperating Revenues (Expenses):					
Interest income	6,742	2,790	6,328	9,650	13,761
Change in fair value of investments	(2,169)	(515)	(1,489)	3,071	2,606
Interest expense	(26,367)	(27,141)	(22,312)	(15,707)	(17,071)
Loss on sale of fixed assets	(628)	(1,844)	(16,292)	(567)	(3,945)
Income before operating transfers	26,487	22,950	12,984	44,720	62,836
Capital contributions ⁽¹⁾	155,710	93,117	60,867	61,827	-
Transfers in	196	145	1,215	422	568
Transfers out	-	-	-	-	(107)
Net income	182,393	116,212	75,066	106,969	63,297
Add depreciation on fixed assets acquired as capital contributions		N/A	N/A	N/A	6,306
Increase in net assets		116,212	75,066	106,969	69,603
Net assets, as previously reported		1,412,426	1,337,360	1,230,391 ⁽²⁾	560,841
January 1		181,702			
Restatement					
January 1 restated	1,710,340	1,594,128			
Net assets, December 31	1,892,733	\$1,710,340	\$1,412,426	\$1,337,360	630,444

(1) As a result of GASB 34, beginning in fiscal year 2002, Capital Contributions now flow through the income statement and the add back of depreciation is no longer done. (2) January 1, 2002, beginning balance was adjusted due to GASB 34 treatment of Capital Contributions.

security for the bonds

General

The Series 1994, 1997, 1998, 2002, 2003, 2004, and 2005 Bonds are limited, special obligations of the Authority. The County and the Authority entered into a Lease Agreement (the "Lease") dated November 1, 1985, and subsequently amended by the Amended and Restated Lease Contract in 1997 and supplemented by the Supplemental Lease Contract (the "Supplemental Lease") dated as of October 1, 2004, by which the Authority leased to the County all of its water and sewer facilities (collectively referred to as the "System"). Facilities acquired after November 1, 1985, are part of the System. The Lease is in effect until all revenue bonds are paid in full, but no later than October 1, 2054. The County manages and operates the System under the terms of the Lease as well as pledges the County's full faith and credit and taxing power as security for revenue bonds issued by the Authority.

All bonds issued after execution of the Supplemental Lease are expressly junior and subordinate to the pledge of net revenues with respect to bonds issued prior to that date. Lease Payments equal to the debt service of all First and Second Lien Bonds are to be paid directly by the County, on behalf of the Authority, into the Sinking Fund. The revenues of the Authority representing the Lease Payments from the County as provided in the Lease have been pledged to the payment of the principal of and interest on the Series 1994, 1997, 1998, 2002, 2003, 2004, and 2005 Bonds and any Additional Bonds or Obligations issued therewith. All of the 1999 Bonds and a portion of the 1997 and 1998 Bonds were legally defeased with proceeds of the 2005 Bonds.

The Water and Sewer Authority issued \$259,600,000 in refunding revenue bonds ("2005 Refunding Bonds") on March 17, 2005. The 2005 Refunding Bonds were issued to 1) refunding the outstanding 1999 Bonds in whole and the 1997 and 1998 Bonds in part, and 2) pay costs relating the issuance of the bonds. The 2005 Refunding Bonds were issued at a True Interest Cost of 3.7608 percent and resulted in net present value savings of \$13.5 million, or 5.427 percent of the refunded par amount.

Revenue Fund and Lease Payments

All revenue derived from ownership and operations of the System or from properties in connection therewith shall be collected by the County and deposited promptly into the Revenue Fund created pursuant to the Lease. The County shall first pay from the Revenue Fund the reasonable and necessary costs of operating and maintaining the System in accordance with sound business practice, but before making provision for depreciation, interest expense and amortization. The net revenues remaining in the Revenue Fund after the payment of such operating expense, as provided in the Lease and the Supplemental Lease, are pledged to the payment of interest and principal of outstanding First and Second Lien debt. Net revenues remaining after payment of debt service are paid to the Renewal and Extension Fund for funding of capital projects.

The Lease requires the County to revise and adjust as often as it shall appear necessary the schedule of rates, fees, and charges for water and sewerage services and facilities to provide funds sufficient to operate and maintain the System on a sound businesslike basis and to make the debt service payments as required. Pursuant to the Lease, the County has covenanted that such rates, fees, and charges shall be maintained at such level as to produce Net Revenues equal to 1.2 times the Debt Service Requirement in the current year and, taking into account amounts on deposit therein, to create and maintain by the end of each year a balance in the Renewal and Extension Fund of not less than \$3,000,000.

With respect to Second Lien Bonds issued as Variable Rate Obligations, including the Series 2004 Bonds, the Debt Service Requirement is computed at a rate equal to the sum of (a) the lesser of: (i) the average annual interest rate on such Variable Rate Bonds for the 12 consecutive months preceding the date of calculation, and (ii) the average of the BMA Index for the 12 consecutive months preceding the date of calculation; and (b) any fees associated with any Liquidity Facility or Remarketing Agreement related to such bonds.

**debt service reserve –
mbia surety bond**

Additional Bonds

As stated in the Supplemental Lease, the Authority will not issue Additional Bonds under the First Lien debt after October 1, 2004. However, the Supplemental Lease does not restrict the issuance of Additional Second Lien bonds. Following are conditions that must be met before the issuance of Additional Bonds:

- (a) None of the outstanding First and Second Lien Bonds are in default as to payment of principal and interest; the Authority remains in compliance with the Lease as supplemented and amended; the County is in compliance with the Lease and has consented in writing to the issuance of such Additional Bonds.
- (b) All payments to the Sinking Fund for both First and Second Lien Bonds are currently being made in the full amount as required.
- (c) A firm of independent certified public accountants shall have certified that based on Net Revenues for a period of 12 full consecutive calendar months out of the 18 consecutive calendar months preceding the month of the adoption of the proceedings for the issuance of such Additional Bonds, the Debt Service Coverage Ratio for each full Sinking Fund Year subsequent to issuance of the proposed Additional Bonds shall not be less than 1.10.
- (d) If such proposed Additional Bonds are issued to finance a capital project, the Authority shall have received a report of the Consulting Engineers setting forth the description of the project and projected future Debt Service Coverage Ratios.
- (e) All procedures relating to authorization of Additional Bonds and subsequent validation proceedings are followed.

The Lease requires the establishment of a Debt Service Reserve Account (the “Reserve Account”) within the Sinking Fund in an amount equal to the highest annual debt service on the First Lien Bonds. In place of maintaining a Debt Service Reserve Account, the Authority has purchased a debt service reserve surety bond from MBIA. The premium on the surety bond was fully paid at issuance and delivery of the First Lien Bonds. The bond provides that, upon proper notice to MBIA that the Authority has failed to make the required deposit with the Paying Agent sufficient to pay interest and principal due, MBIA will make such payments to fulfill obligations up to \$44,002,030. The surety bond does not ensure against non-payment caused by the insolvency or negligence of the Sinking Fund Custodian. The Authority will be required to reimburse MBIA for any draws under the surety bond with interest at a market rate. Upon such reimbursement, the surety bond will be reinstated to the extent of such reimbursement up to the maximum limit thereof.

The surety bond is only applicable to outstanding First Lien Bonds issued in 1994, 1997, 1998, 2002, and 2003. All Second Lien Bonds issued in 2004 and 2005 and thereafter do not have a debt service reserve requirement.

annual debt service requirements

Debt service requirements on the Water and Sewerage Authority Revenue Bonds, Series 1994, 1997, 1998, 2002, 2003a, 2003b, 2004, and 2005 are as follows:

Bond Year Ending December 31	First Lien						Second Lien	
	Debt Service Requirements 1994	Debt Service Requirements 1997	Debt Service Requirements 1998	Debt Service Requirements 2002	Debt Service Requirements 2003(a)	Debt Service Requirements 2003 (b)	Debt Service Requirements 2004	Debt Service Requirements 2005*
2006	13,164,950	2,940,000	9,306,500	6,085,081	5,187,000	9,548,188	3,564,240	10,474,744
2007	28,730,000	-	2,072,500	6,085,081	-	9,548,188	3,564,240	10,474,744
2008	28,724,999	-	2,068,500	6,085,081	-	9,548,188	3,564,240	10,474,744
2009	28,720,000	-	-	6,085,081	-	9,548,188	3,975,762	10,474,744
2010	28,735,000	-	-	6,085,081	-	9,548,188	4,800,000	12,694,744
2011 – 2015	-	-	-	39,568,905	-	94,754,164	24,000,000	172,768,652
2016 – 2020	-	-	-	52,041,155	-	94,754,801	56,716,000	123,626,164
2021 – 2025	-	-	-	100,046,888	-	94,751,488	97,087,600	19,894,175
Total	\$128,074,949	\$2,940,000	13,447,500	222,082,356	5,187,000	332,001,393	197,272,082	370,882,711

* The Series 1999 Bonds were fully defeased and the 1997 and 1998 Bonds were partially defeased with the proceeds of the 2005 Bond.

audited annual financial statements

The Financial Section of this Comprehensive Annual Financial Report contains the County's Financial Statements with related Independent Auditors' Report. The County also has separately issued financial statements for the Water and Sewerage Authority, with related Independent Auditors' Report. These statements are consistent with the financial statements contained in the Official Statements in compliance with SEC Rule 15c2-12(b)(5)(i)(A) and (B).

required notices

The following table lists each material event and required notice defined in 15c2-12(b)(5)(i)(C) and (D). Since none occurred, the table confirms that no notice to the Nationally Recognized Municipal Securities Information Repository or the Municipal Securities Rule Making Board was required for any of the material events related to the Series 1994, 1997, 1998, 2002, 2003a, 2003b, 2004, and 2005 Water and Sewerage Bonds. This confirms compliance with SEC Rule 15c2-12(b)(5)(i)(C) and (D) from July 3, 1995, to the date of this report.

* Bonds are variable rate demand notes. Rate 2.97 percent through October 2009; 4 percent thereafter.

Notice of Material Events or Failure to Provide Required Annual Financial Information

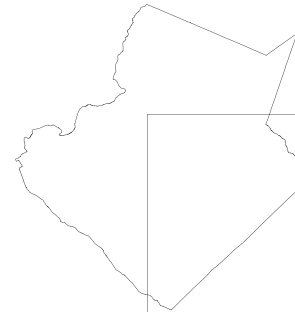
Rule Sec.	Description	Series 1994	Series 1997	Series 1998	Series 2002	Series 2003a	Series 2003b	Series 2004	Series 2005
(C)(1)	Principal and interest payment delinquencies	None	None	None	None	None	None	None	None
(C)(2)	Non-payment related defaults	None	None	None	None	None	None	None	None

Notice of Material Events or Failure to Provide Required Annual Financial Information

Rule Sec.	Description	Series 1994	Series 1997	Series 1998	Series 2002	Series 2003a	Series 2003b	Series 2004	Series 2005
(C)(1)	Principal and interest payment delinquencies	None	None	None	None	None	None	None	None
(C)(2)	Non-payment related defaults	None	None	None	None	None	None	None	None
(C)(3)	Unscheduled draws on debt service reserves reflecting financial difficulties	None	None	None	None	None	None	None	None
(C)(4)	Unscheduled draws on credit enhancements reflecting financial difficulties	None	None	None	None	None	None	None	None
(C)(5)	Substitution of credit or liquidity providers, or their failure to perform	None	None	None	None	None	None	None	None
(C)(6)	Adverse tax opinions or events affecting the tax-exempt status of the security	None	None	None	None	None	None	None	None
(C)(7)	Modifications to rights of security holders	None	None	None	None	None	None	None	None
(C)(8)	Bond calls	None	None	None	None	None	None	None	None
(C)(9)	Defeasances	None	Partial	Partial	None	None	None	None	None
(C)(10)	Release, substitution, or sale of property securing repayment of the securities	None	None	None	None	None	None	None	None
(C)(11)	Ratings changes	None	None	None	None	None	None	None	None
(D)	Failure to provide annual financial information or operating data in a timely manner	None	None	None	None	None	None	None	None

other information

Other relevant information is located in the Statistical Section of this Comprehensive Annual Financial Report.



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