



comprehensive annual financial report • year ended december 31, 2007

• **gwinnett**county georgia





gwinnettcounty, Georgia
Comprehensive Annual Financial Report
Year ended December 31, 2007

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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May 31, 2008

Citizens,
Chairman, and
Members of the Board of Commissioners

Gwinnett County, Georgia:

Again this year, I'm pleased to report that Gwinnett County is financially sound as evidenced by the County maintaining a AAA bond rating from the three major rating agencies for the 10th straight year. The County's current financial position has been accomplished through growth of its tax digest, fiscally prudent financial policies, and a willingness of citizens to invest in the future.

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, 2007.

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 revenues, 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 Gwinnett County's financial activities in 2007, and that the information presented 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 basic financial statements with notes, individual and combining statements and schedules for individual funds, the independent auditor's report, and management's discussion and analysis
- **Statistical** – includes selected financial and demographic information mostly presented 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 and state 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 of Management and Budget's Circular A-133, Audits of States, Local Governments, and Nonprofit 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 or row in the financial statements to emphasize that they are legally separate and to differentiate their financial position from those of the primary government. These units include the Gwinnett County Public Library System, the Springbrook Golf Course Commission, the Gwinnett County Health Department, and the Development Authority of Gwinnett County. Individual presentations are found in the combining statements on pages 43 and 44.
- 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. While there are 15 incorporated municipalities within Gwinnett County's 437 square miles, the majority (80.4 percent) of Gwinnett's residents live in unincorporated Gwinnett. Gwinnett has grown rapidly for the past 30 years and continues to gain 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 12 appointed operating department directors.

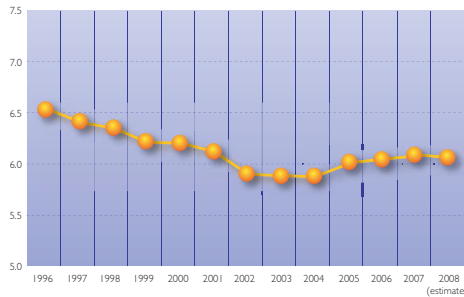
The County government provides traditional county services, such as road construction, maintenance, and court-related functions, as well as typical municipal services such as police, fire, emergency medical, recreation, and water and sewer. Private firms provide sanitation services through franchise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

economic condition and outlook

Local Economy

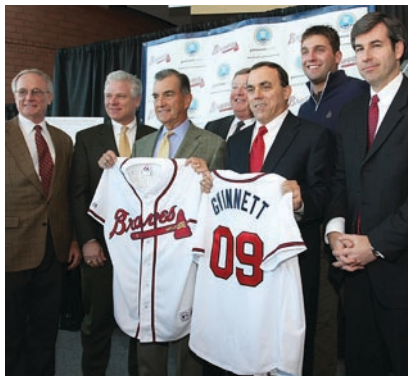
By many different measures, Gwinnett is a prosperous and growing county. We continue to attract tens of thousands of new residents each year, drawn by the opportunities and quality of life we have to offer.

- The county's population now stands at an estimated 776,347 residents. (*Source: Economic Analysis Division*)
- Gwinnett gained more than 9,800 jobs, a growth of 3.1 percent, between 2005 and 2006, contrasted with 2.4 percent statewide, according the Georgia Department of Labor. Gwinnett had 326,394 jobs in the third quarter of 2007 (latest figure available), an increase of 1.5 percent over the same quarter a year ago
- Unemployment for 2007 was 3.8 percent compared to 4.4 percent statewide according the Georgia Department of Labor
- The net Taxable Digest of \$27.5 billion continues to grow with the real property net tax digest and the personal property net tax digest each projected to grow 3.2 percent in 2008



County Employees Per 1,000 Population

major initiatives



- Gwinnett County rolled back the millage rate with the passage of the 1997 and 2001 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 3.87 mills since 1996 — a 26 percent reduction to the total county millage. This includes a voter-approved General Obligation Bond that required a .25 mill addition in 2003 for the recently-opened jail expansion.

There is more economic information in this report under management's discussion and analysis, and at www.gwinnettcounty.com. Go to Departments > Financial Services > Economic Analysis and look for the **Gwinnett County Economic Indicators** report.

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

This section highlights some of the major initiatives underway in 2007. More recent information and details are available in the 2007 County Budget.

Financial Services

We maintained the top Aaa/AAA ratings from all three major credit rating agencies—Fitch Ratings, Moody's Investor Services, and Standard and Poor's—for the 10th consecutive year in 2007. These ratings produce significant interest savings and are solid evidence of our financial strength and stability.

The special purpose local option sales tax was renewed by voters in 2004, with collections beginning April 1, 2005. Expected total revenues of over \$603 million are being split 84/16 percent between the County and its cities, and are earmarked for transportation, recreation, public safety, and libraries.

The total 2008 budget totals \$1.5 billion, down slightly from 2007, with the Operating budget at \$856 million. The Capital Improvement budget is \$676 million for 2008, with almost \$2 billion projected over the next six years (2008 – 2013). The millage rate for 2007 was reduced to 11.08 mills from 11.30 mills in 2006.

Partnership Gwinnett has produced approximately 30 business expansions and relocations. The largest of these in 2007 was the Meggitt Defense Systems relocation. It brought an 80 million dollar capital investment and 400 new jobs. In conjunction with the Gwinnett Convention and Visitors Bureau, the Atlanta Braves announced the club's AAA minor league team will relocate to Gwinnett County beginning in the 2009 season; conservative estimates of a minor league ball club's impact on our economy is approximately \$15 million per year.

During 2007, we assessed approximately 14,000 new lots/buildings valued at more than \$700 million.

Planning and Development

Gwinnett issued 3,525 new single-family building permits and 1,686 commercial, office, and industrial permits in 2007. Commercial, office, and industrial permits decreased by nearly nine percent between 2007 and 2006.

Numerous meetings were held with the Planning Advisory Committee, a Board appointed committee working with staff and consultants on development of the Unified Plan, which is the name given to a new plan that will blend the County's existing Comprehensive Plan, Comprehensive Transportation Plan, and Consolidated Plan. These meetings were held to develop the policy foundation for the Unified Plan. It is expected that a final plan will be transmitted to the Atlanta Regional Commission in the winter of 2008.



Seven major and minor amendments to the 1985 Zoning Resolution were approved in 2007. Major amendments included:

- Adding Peachtree Corners to the Activity Center/Corridor Overlay District
- Creating a new single-family residential, large-lot zoning district
- Establishing minimum lot area requirements for automobile sales lots
- Major revisions to the *Buffer, Landscape, and Tree Ordinance*
- Began the process to implement a digital plan submittal process
- Began the process of upgrading our permitting data base to Accella Automation

Community Services

Six new parks or major park facilities opened in 2007. Sweet Water Park and DeShong Park opened as new passive community parks during the year. Other park improvements included Bethesda Park Aquatic Center; Little Mulberry Park – Phase 2 (Hog Mountain Road entrance); Mountain Park Park improvements; and, Peachtree Ridge Park football complex. In addition, new athletic field lighting was installed at Rabbit Hill Park and Harmony Grove Park soccer fields.

The Gwinnett Environmental and Heritage Center was awarded the U.S. Green Building Council's LEED® (Leadership in Energy and Environmental Design) Gold Level Certification.

Elections and Voter Registration acquired an online poll worker training program and staffed 163 polling locations with over 2,200 poll workers.

Finally, the Services and Facilities Master Plan for the Gwinnett County Public Library was completed in 2007.

Public Safety

A new state-of-the-art Police Training Complex opened in June 2007, providing a precision driving course, administration classroom building and a 44-lane indoor firing range. The new Animal Welfare and Enforcement Center and Police K-9 Facility opened in September 2007. Both projects were funded through SPLOST programs. In 2007, the Fire Department opened one new station and one relocation. In 2008, one new station and three relocations are scheduled to open. In addition, construction will begin on a new fire station and two relocations. In 2009, construction on one new station is scheduled to begin.

In 2008, we will complete the remodeling of the Recorder's and Juvenile Court Building. Juvenile Court is scheduled to begin an expansion to the fourth floor in 2008 which will be completed in July 2009. This is being done to expand the waiting area for our citizens awaiting Court and to locate a Juvenile Prosecution Division of the District Attorney's Office in the Court Annex at the Juvenile Court. We will also upgrade the alarm system in the older section of the Pre-Trial Detention Center.

Water Resources

The County installed 76 miles of new water mains and 115 miles of new sewers and 20 miles of new wastewater force mains in 2007. There was an increase of 3,695 water and 3,523 sewer customers in 2007.

Several major projects and initiatives were begun or continued in 2007. These include:

- Final regulatory approval was received from the Army Corps of Engineers to proceed with installation of a 72"-diameter off-shore water reuse steel pipeline that will return reclaimed water to Lake Lanier. Completion of all Lanier Pipeline construction is expected by 2009.



- Completion of the Level Creek 20-mgd Wastewater Pump Station and Force main. This project along with 36,000 linear feet of 36-inch force main from the Level Creek pump station to the F. Wayne Hill WRC will deliver flows from Level Creek, Suwanee Dam, Richmond Creek, and Lake Lanier basins. The construction cost of the pumping station and force main was approximately \$28.5 million.
- Yellow River WRF Improvements project was started. This project will increase the facility capacity from 14.5 mgd to 22 mgd. The treatment process to be utilized is the latest technology in water reclamation. The project is scheduled for completion in 2011 and will cost approximately \$268.5 million.

Support Services

Space reconfigurations were carried out within the Gwinnett Justice and Administration Center to include new judge's chambers and relocation of Human Resources, Purchasing, Project BEST, ITS Data Center, and Solicitors/Probate Court office.

Construction on a DOT Central Maintenance and Storage Facility (63,000 square feet with offices, shops, and storage for the Traffic Control Center, Traffic Signals Unit, Sign Shop, Paint Shop, and the District 4 Maintenance Barn) was completed in 2007.

Information Technology

Information Technology Services completed the planning and assessment phases for several major initiatives including a criminal justice information system, a comprehensive land management System, an enterprisewide-balanced scorecard system, and a replacement for the aging telephone systems at GJAC and DWR. A Disaster Recovery Implementation Plan was also completed, as well as a number of data network, GIS, County website, document management, and ERP system enhancements.

Transportation

The County is continuing to follow its Comprehensive Transportation Plan to develop a safe and efficient, multi-modal transportation system to meet the needs of its users through 2030.

In 2007, our Department of Transportation awarded over \$145 million for 45 road construction projects, compared to \$110 million for 57 projects in 2006. We improved more than 100 miles of roads and completed 23 quick fix projects designed to relieve traffic bottlenecks with simple turn lanes or traffic signals, and without having to spend a great deal of time or money on right-of-way purchases.

The County continues to work with our federal, state, and regional partners on such major projects as the I-85/SR 316 Interchange, the widening of SRs 20 and 120, and the railroad grade separation and interchange project at Pleasant Hill Road and Buford Highway. All of these should be open to traffic by the end of 2008.

Work has begun on an entirely new artery, the Sugarloaf Extension. This will be the first new limited access roadway built in Gwinnett in 18 years. The first phase will stretch from SR 20, south of Lawrenceville to SR 316 in Dacula. It will be built in three segments over a period of five years, and will provide much-needed congestion relief to the central and eastern areas of the county.

We are currently installing leading-edge, intelligent transportation management systems, including video cameras and remote controls that will strengthen our ability to provide real-time management services in the high-traffic areas. We completed eight traffic signal timing projects affecting 30 miles of road and 118 intersections during 2007.

In 2007, we purchased a total of 510 right-of-way parcels at a cost of approximately \$32.9 million.

capital improvement program

financial information

Ridership on Gwinnett Transit bus lines continued to rise to an average of 4,100 boardings per day on local routes and 2,600 boardings on express services to Atlanta. The Georgia Regional Transportation Authority launched a new express route from Snellville to downtown Atlanta, which is proving to be popular.

Human Resources

In 2007, Gwinnett County hired 295 Public Safety employees and continues to invest in competitive recruitment and compensation programs to improve applicant rate, mitigate turnover and enhance retention.

The County added the sixth State Court judgeship with 13 new positions including court clerks and staffing for the solicitors office.

During 2007 the Quality of Life police unit expanded with the consolidation of existing code enforcement officers from Planning and Development into the police unit. The Quality of Life unit is now staffed with 18 sworn officers and 18 additional staff.

Maintaining and expanding the County's infrastructure—including water, sewer, stormwater, recreation, transportation, criminal justice, and public safety—remains a high priority for the County. The Capital Improvement Program (CIP) captures and coordinates the needs and plans of all County departments. A five-year plan provides for current development, financing, and maintenance needs. The County also maintains a longer-term Comprehensive Plan in accordance with state requirements.

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 at the Office of Treasury and Fiscal Services. Interest paid on these accounts is very short-term and typically tied to the Intended Fed Funds Rate. Earnings on deposits fell during 2007. The average of rates paid on demand deposit and savings accounts fell by 0.91 percent from 5.51 percent at December 31, 2006, to 4.60 percent at December 31, 2007.

The County invests excess funds in fixed-income securities, principally with maturities of less than three years. The average rate earned on investments was 5.33 percent at December 31, 2006, and fell by 0.67 percentage points to 4.66 percent at December 31, 2007.

The weighted average yield for cash, cash equivalents, and investments was 5.27 percent at December 31, 2006, and fell to 4.63 percent at December 31, 2007. In dollar terms, earnings declined from \$54,697,000 in 2006 to \$50,052,000 in 2007.

Gwinnett uses a monthly mark-to-market policy. At year-end 2007, total market value across all investments was 100 percent of book value, with 66 percent of the portfolio held in cash or cash equivalents, of which 26 percent was invested with the Office of Treasury and Financial Services and 39 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 agency securities.

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.

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

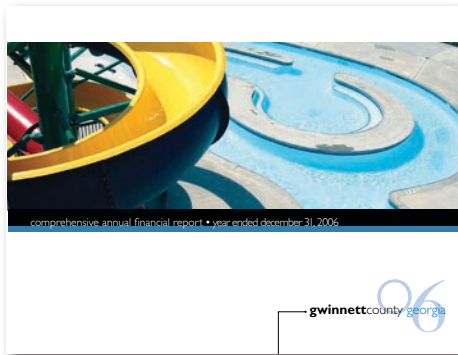
Efficient claims handling in a professional, responsive manner is critical to meet the claimant's needs and keep claim costs as low as possible. We review and coordinate 17 benefit programs to ensure that County employees and their families have access to cost-efficient programs that are responsive to their needs.

Effective January 1, 2007, the County established a single employer, locally-governed plan for the benefit of its employees and other eligible individuals as provided for in the Plan Document. Gwinnett County previously participated in the agent-multiple employer defined benefit plan sponsored by the Association of County Commissioners of Georgia. By mutual agreement, the portion of the assets that were in the agent-multiple employer plan to fund retirement benefits of Gwinnett County employees and retirees were transferred to the County's single employer plan.

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.



acknowledgements

Mauldin & Jenkins also performed an audit of federal and state 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 internal audit function is housed within the Performance Analysis Division, which reports to the Board of Commissioners. The Performance Analysis Division (PAD) works directly with the County Administrator's office on a daily basis to build a COSO based audit approach, as well as having responsibility for overseeing the County's Performance Management Program. PAD routinely provides updates to the Board of Commissioners, covering a wide range of topics with a focus on audit results and performance metrics. The internal audit function also works closely with the external auditors to ensure proper audit coverage. The main focus of the audit function is to provide a review of internal controls, across all departments, by performing a range of audits which include, financial, compliance, and operational reviews. The Director of PAD also sits on the Executive Audit Committee which is comprised of, among others, citizens from the county. Routine updates are provided to the Executive Audit Committee outlining any control issues and recent audit activity.

Awards

In 2007, for the 26th consecutive year, Gwinnett County received a Certificate of Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for the fiscal year ending December 31, 2006. 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.

This document is made possible by the commitment of the Financial Services staff throughout the year and especially during the annual audit and CAFR preparation. We also thank Mauldin & Jenkins for their assistance. We recognize and appreciate the willingness of each County department to work together toward common goals to benefit Gwinnett County residents.

We extend appreciation and thanks to Board Chairman Charles Bannister, 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 in 2007 is a tribute to their dedication.

Respectfully submitted,

Lisa Johnsa
Director of Financial Services

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Gwinnet County
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2006

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.



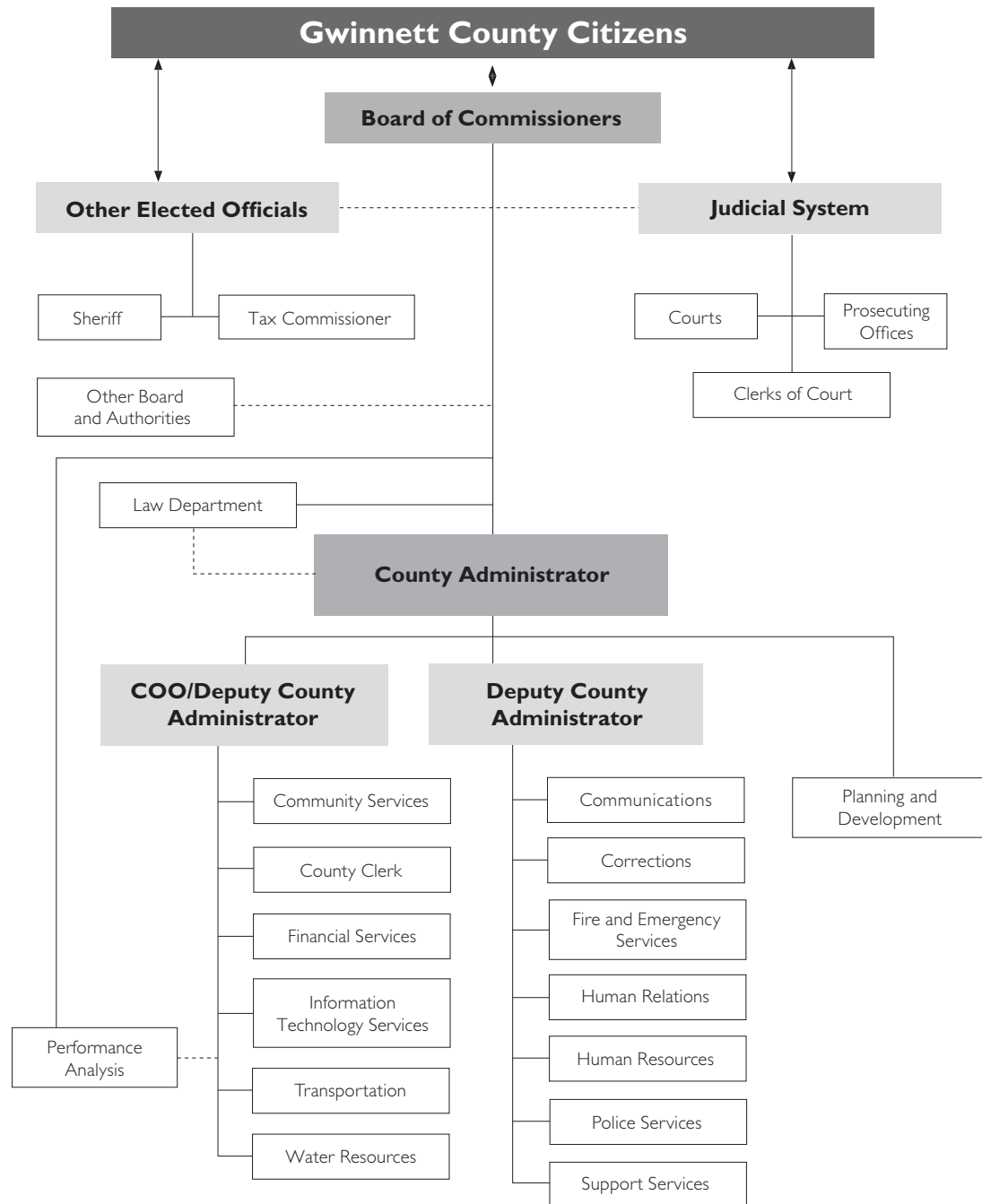
Charles S. Cox

President

Jeffrey R. Erwin

Executive Director

gwinnett county organizational chart



Department Directors

County Administrator
Jock A. **Connell**

Deputy County Administrator,
COO
Michael D. **Comer**

Deputy County Administrator
Susan **Lee**

County Attorney
Karen **Thomas**

Community Services
Phil **Hoskins**, Director

Corrections
(Interim Warden) David **Peek**

Financial Services
Lisa **Johnsa**, Director

Fire and Emergency Services
Chief Steve **Rolader**

Human Resources
Kenneth **Poe**, Director

Information Technology Services
John **Matelski**, Director

Planning and Development
Glenn **Stephens**, Director

Police Services
Chief Charles M. **Walters**

Support Services
Steve **North**, Director

Transportation
Brian **Allen**, Director

Water Resources
Lynn **Smarr**, Acting Director

Elected Officials

Clerk of Court
Tom **Lawler**

District Attorney
Daniel J. **Porter**

Chief Magistrate Court Judge
George F. **Hutchinson III**

Probate Court Judge
Walter J. **Clarke, II**

Sheriff
R.L. "Butch" **Conway**

Solicitor
Rosanna **Szabo**

Tax Commissioner
Katherine **Sherrington**

State Court Judges
Robert W. **Mock Sr.**,
Chief Judge
Pamela D. **South**
Joseph C. **Iannazzone**
Carla E. **Brown**
Randolph G. **Rich**
John F. **Doran Jr.**

Superior Court Judges
K. Dawson **Jackson**, Chief Judge
Richard T. **Winegarden**
Michael C. **Clark**
Melodie **Snell Conner**
Debra K. **Turner**
William M. **Ray III**
R. Timothy **Hamil**
Ronnie K. **Batchelor**
Tom **Davis**
Warren **Davis**

Judicially Appointed Officials

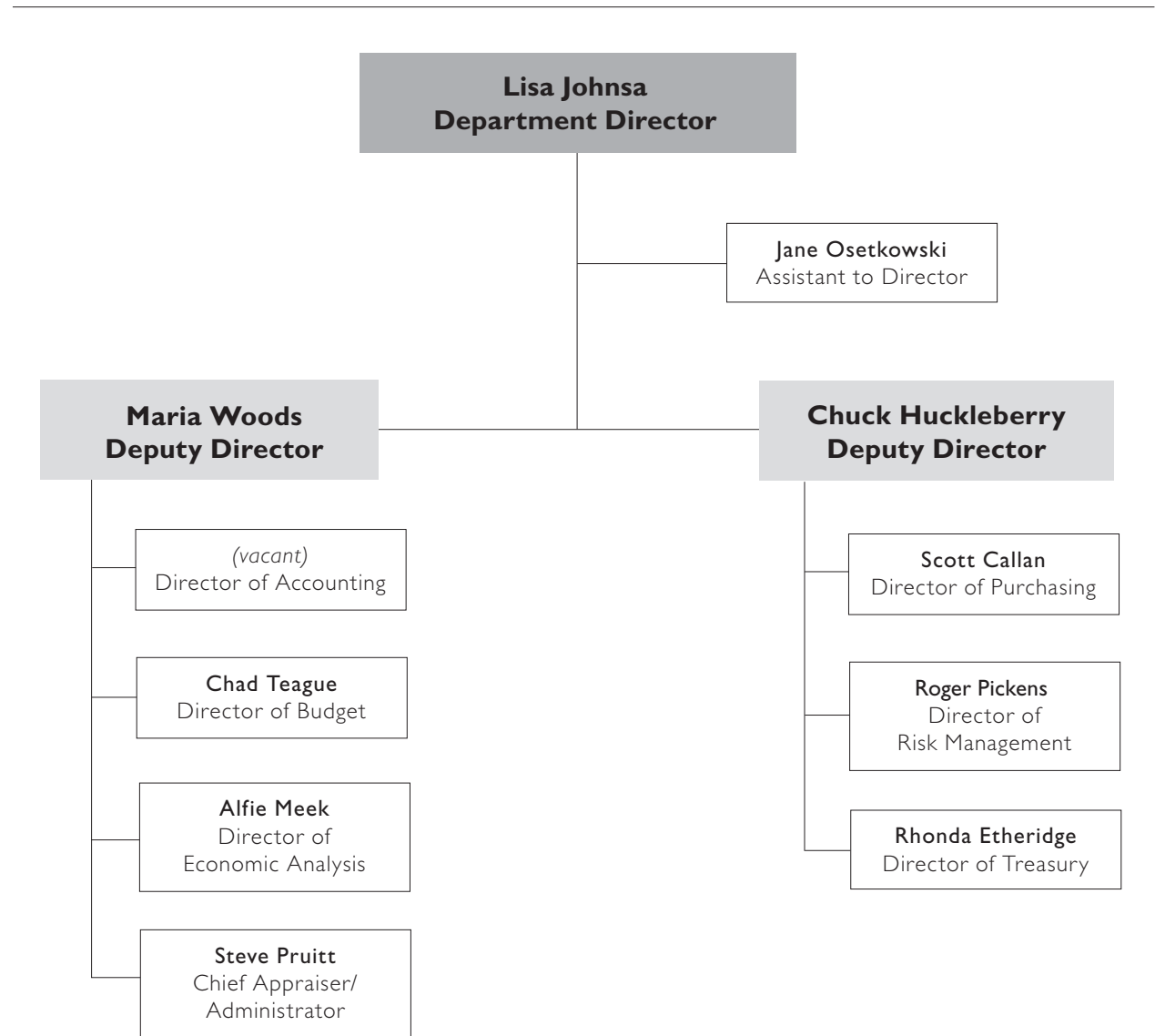
Juvenile Court Judges
Robert V. **Rodatus**, Chief Judge
Stephen E. **Franzén**
Phyllis **Miller**

Recorder's Court Judges
Robert S. **Jones**, Chief Judge
Michael **Greene**
Patti **Muise**
Clerk of Recorder's Court
Jeff C. **West**

Court Administrator
Philip M. **Boudewyns**

**financial services
organization chart**

DEPARTMENT OF FINANCIAL SERVICES



accounting division

vacant, Director
Laurie **Bohon**, Accounting Manager
Donna **Buhler**, Accounting Manager

Yolanda **Anderson**, Financial Analyst
Buffy **Alexzulian**, Financial Analyst
Deirdre **Diggs**, Financial Analyst
Cindy **Knapp**, Financial Analyst
Kristy **Rott**, Financial Analyst
Hassan **Saudin**, Financial Analyst

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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, 2007, 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 9% and 45%, 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, 2007, 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.

200 GALLERIA PARKWAY S.E., SUITE 1700 • ATLANTA, GA 30339-5946 • 770-955-8600 • 800-277-0080 • FAX 770-980-4489 • www.mjcpa.com

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In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2008 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 Schedules of Funding Progress (on pages 17 through 29 and pages 89 and 90, respectively) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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.

As described in Note 13 to the financial statements, the County has implemented the requirements of Governmental Accounting Standards Board Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and No. 45, *Accounting and Financial Reporting by Employers For Postemployment Benefits Other Than Pensions*, as of and for the year ended December 31, 2007.

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.

Atlanta, Georgia
June 13, 2008

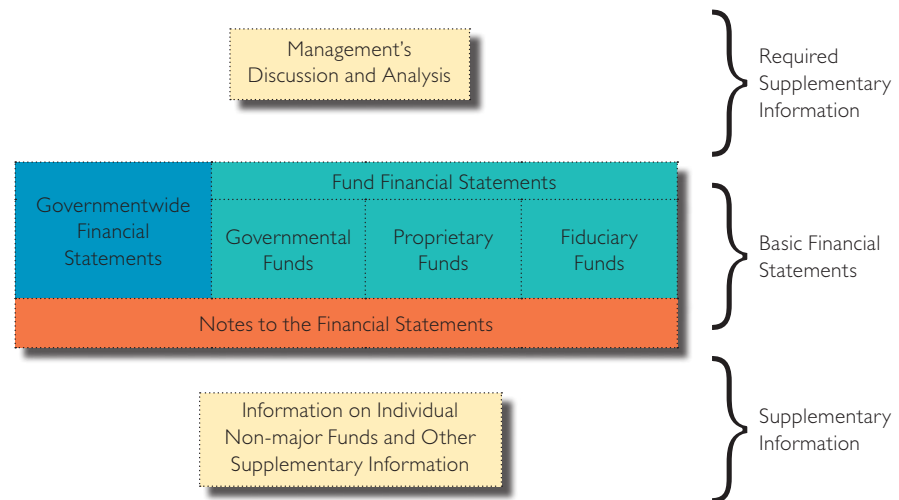
A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

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, 2007. 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 sixth Comprehensive Annual Financial Report (CAFR) Gwinnett County has issued under the Governmental Accounting Standards Board (GASB) Statement No. 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 combines 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 solely on behalf of departments of the County, and therefore are included as integral parts of the primary government.

The governmentwide financial statements can be found on pages 31 – 32 of this report. The component unit combining statements are on pages 43 – 44.

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, Recreation District, Grant, and Tourism); Capital Projects (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 37. The basic governmental fund financial statements can be found on pages 33 – 37.

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, fleet activities, and auto liability. 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 38 – 40 of this report.

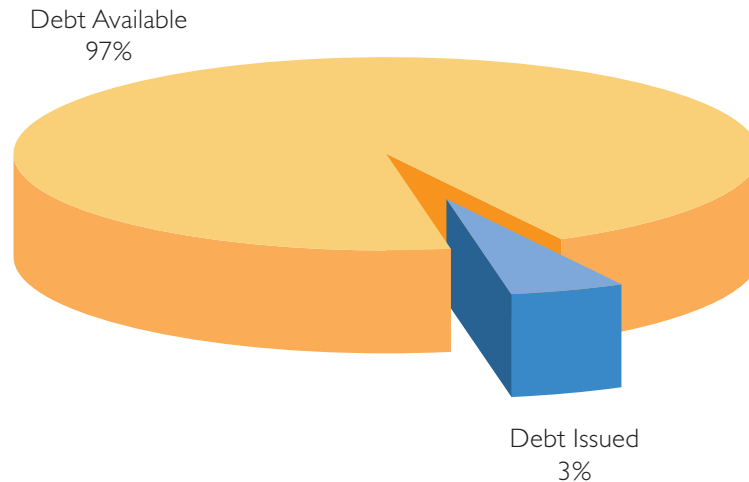
Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the governmentwide financial statements because the resources of those funds are not owned by or available to support the County's own programs. 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 Fiduciary Assets and Liabilities on page 41. The County also maintains fiduciary funds for Pension and Other Post-Employment Benefits (OPEB). These funds are aggregated and presented on page 41 and 42.

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 45 – 87 of this report.

financial highlights

- Gwinnett County's assets exceeded its liabilities at December 31, 2007, by \$5,254,275,000 (net assets). Of this amount, \$531,321,000 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of December 31, 2007, the County's governmental funds reported combined ending fund balances of \$650,603,000, a decrease of \$92,316,000 in comparison with the prior year. Of this amount, \$625,379,000 remains in the various funds as unreserved.
- At December 31, 2007, the County's General Fund reported a fund balance of \$152,068,000; an increase of \$3,712,000 or 2.5 percent from last fiscal year. This increase in fund balance is approximately \$11,500,00 less than the increase in 2006, primarily due to a \$13,000,000 contribution to the OPEB fund.
- Gwinnett County's total long-term bonds decreased by \$38,031,000 during the current fiscal year. The key factor in this decrease was the net retirement of \$31 million in revenue bonds for the Water and Sewer Authority.

**Percentage of Legal Debt Limit Used
(FY 2007)**



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 \$5,254,275,000 at the close of the most recent fiscal year. This represents an increase of \$284,939,000 or six percent from fiscal year 2006.

Gwinnett County's Net Assets (in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 924,883	\$ 1,006,398	\$ 208,674	\$ 318,169	\$ 1,133,557	\$ 1,324,567
Capital assets	1,988,121	1,758,917	3,264,998	3,033,497	5,253,119	4,792,414
Total assets	2,913,004	2,765,315	3,473,672	3,351,666	6,386,676	6,116,981
Long-term liabilities outstanding	190,434	204,754	796,255	811,314	986,689	1,016,068
Other liabilities	71,588	75,900	74,124	55,677	145,712	131,577
Total liabilities	262,022	280,654	870,379	866,991	1,132,401	1,147,645
Net assets:						
Invested in capital assets, net of related debt	1,822,598	1,580,183	2,517,483	2,257,189	4,340,081	3,837,372
Restricted	357,674	666,243	25,199	25,083	382,873	691,326
Unrestricted	470,710	238,235	60,611	202,403	531,321	440,638
Total net assets	\$ 2,650,982	\$ 2,484,661	\$ 2,603,293	\$ 2,484,675	\$ 5,254,275	\$ 4,969,336

By far the largest portion of the County's net assets (83 percent) at December 31, 2007, 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 (seven percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$531,321,000) 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 2006.

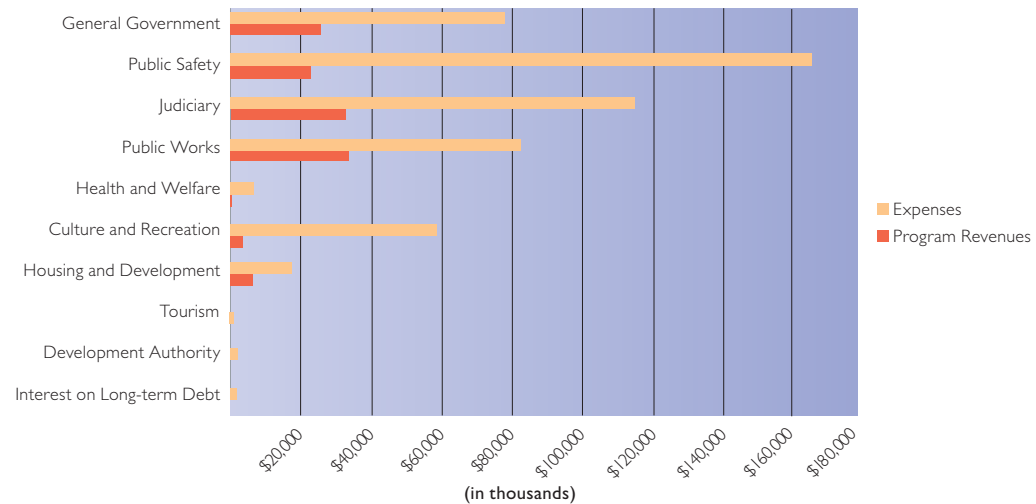
gwinnett county's changes in net assets (in thousands)

	Gwinnett County's Changes in Net Assets					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Revenues						
Program revenues:						
Charges for services	\$ 88,022	\$ 94,628	\$ 222,898	\$ 198,332	\$ 310,920	\$ 292,960
Operating grants and contributions	15,866	17,039	4,212	2,506	20,078	19,545
Capital grants and contributions	24,611	17,726	113,894	124,225	138,505	141,951
General revenues:						
Property taxes	328,612	304,215	-	-	328,612	304,215
Sales taxes	152,528	155,941	-	-	152,528	155,941
Other taxes	56,215	40,239	-	-	56,215	40,239
Investment income	42,626	41,055	7,426	13,642	50,052	54,697
Other	5,386	6,077	4,693	7,304	10,079	13,381
Total revenues	713,866	676,920	353,123	346,009	1,066,989	1,022,929
Expenses						
General Government	74,921	72,728	-	-	74,921	72,728
Public safety	173,779	154,775	-	-	173,779	154,775
Judiciary	113,633	105,891	-	-	113,633	105,891
Public works	82,898	106,270	-	-	82,898	106,270
Health and welfare	12,640	7,408	-	-	12,640	7,408
Culture and recreation	57,032	54,967	-	-	57,032	54,967
Housing and development	18,247	15,004	-	-	18,247	15,004
Tourism	2,214	2,208	-	-	2,214	2,208
Development authority	2,580	2,251	-	-	2,580	2,251
Interest on long-term debt	4,263	2,128	-	-	4,263	2,128
Water and sewage	-	-	197,612	172,985	197,612	172,985
Airport	-	-	2,103	1,940	2,103	1,940
Solid waste	-	-	489	425	489	425
Stormwater	-	-	25,455	24,728	25,455	24,728
Transit	-	-	14,184	12,375	14,184	12,375
Total expenses	542,207	523,630	239,843	212,453	782,050	736,083
Increase in net assets before transfers	171,659	153,290	113,280	133,556	284,939	286,846
Transfers	(5,338)	(15,175)	5,338	15,175	-	-
Increase in net assets before transfers	166,321	138,115	118,618	148,731	284,939	286,846
Net assets – January 1	2,484,661	2,346,546	2,484,675	2,335,944	4,969,336	4,682,490
Net assets – December 31	\$2,650,982	\$2,484,661	\$2,603,293	\$2,484,675	\$5,254,275	\$4,969,336

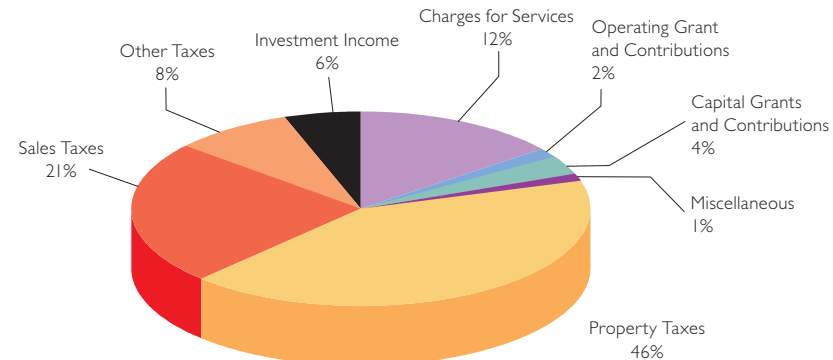
Governmental activities. Governmental activities increased the County's net assets by \$166,321,000 thereby accounting for 58 percent of the total growth in net assets.

- Revenue increased due to a 9.5 percent increase in the property tax digest (resulting in a \$24.4 million increase in tax revenue)
- General government expenses increased \$2.2 million due primarily to a contribution to the OPEB fund
- Public safety costs increased \$19 million due primarily to the implementation of a salary step plan in 2007 as well as a contribution to the vehicle replacement fund
- Judiciary expenses increased \$7.7 million due to the addition of a state court judge, addition of staff, implementation of a salary step plan, rising inmate medical costs, and an additional contribution to the OPEB fund
- Public works expenses decreased \$23 million due primarily to many non-capitalizable projects being completed in 2006

**Expenses and Program Revenues – Governmental Activities
(FY 2007)**



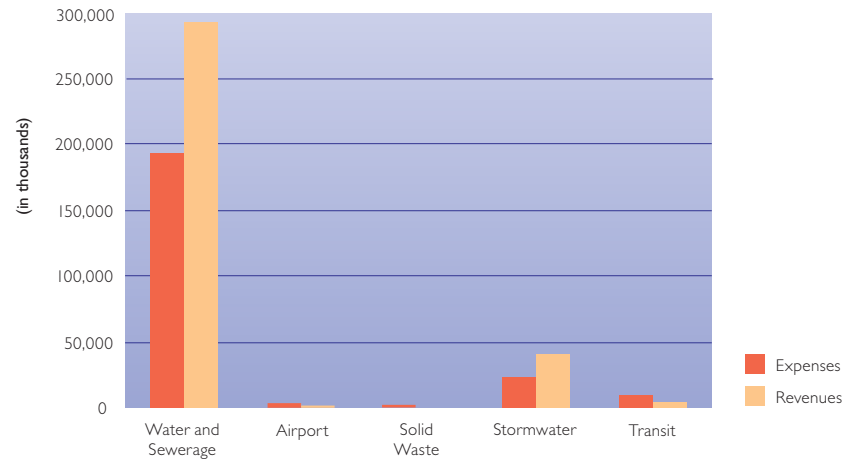
**Revenue by Sources – Governmental Activities
FY 2007**



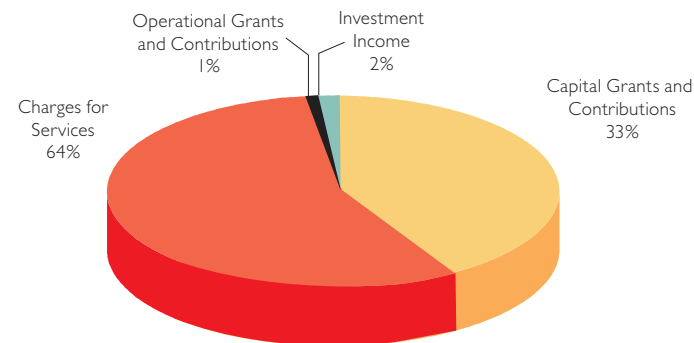
Business-type activities. Business-type activities increased the County's net assets by \$118,618,000 accounting for 42 percent of the total growth in the government's net assets. Key elements of this increase are as follows.

- The Water and Sewerage Fund reported an increase in net assets of \$104,267,000. The major contributing factors for this increase include operating income of \$48,514,000, capital contributions of \$89,210,000 (from system development fees and developer donations of capital assets), and net interest expense of \$33,986,000. 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 \$16,396,000. While the fund reported an operating loss of \$6,587,000, it was offset by capital contributions of \$22,750,000
- The Transit Fund reported a decrease in net assets of \$2,573,000. This fund reported an operating loss of \$7,573,000, which was offset by transfers in of \$4,649,000 and interest income of \$351,000

**Expenses and Revenues – Business-Type Activities
FY 2007**



**Revenues by Source – Business-Type Activities
FY 2007**



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 \$650,603,000, a decrease of \$92,316,000 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 \$148,220,000. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 37.2 percent of total general fund operating expenditures.

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 \$62,485,000, representing a decrease of \$1,899,000 from 2006. Expenditures exceeded revenues by \$21,220,000 which was offset by a transfer in of \$19,321,000.

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 2007 fiscal year, the 1997 Sales Tax Fund reported an unreserved fund balance of \$35,761,000, a decrease in total fund balance of \$55,367,000 from 2006. Expenditures exceeded revenues by \$55,367,000. This decrease in fund balance was 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 2007, the 2001 Sales Tax Fund reported an unreserved fund balance of \$102,784,000, a decrease of \$67,927,000 from 2006. Fund expenditures exceeded revenues by \$67,927,000 during 2007.

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 2007, the 2005 Sales Tax Fund reported an unreserved fund balance of \$196,435,000. Fund revenues exceeded expenditures by \$20,519,000. 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 \$22,658,000 as of December 31, 2007, all of which is reserved or designated for the payment of debt service.

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

general fund budgetary highlights

Unrestricted net assets of the Water and Sewerage fund at the end of the year amounted to \$31,176,000. This represents a decrease of \$138,906 from unrestricted net assets as of December 31, 2006. This decrease is due to depletion of bond proceeds and other cash reserves as capital improvements continue. The total growth in net assets was \$104,267,000. 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 \$10,434,000 and can be summarized as follows:

- Increase in general government activities – \$856,000
- Increase in police services – \$254,000
- Increase in judiciary functions – \$3,285,000 (primarily due to transfer from inmate housing and medical reserves and the addition of a State Court Judge)
- Increase in public works – \$156,000
- Increase in correctional services – \$96,000
- Decrease in fire and emergency services – \$1,191,000 (reduction due to personnel vacancies)
- Increase in community services – \$182,000
- Increase in planning and development – \$977,000 (primarily in personnel; due to market adjustment and addition of Fire Permits Division)
- Net increase in non-departmental appropriations – \$5,816,000 (primarily due to a \$13 million contribution to the OPEB Fund offset by under-expenditures)

general fund actual expense versus budget highlights

Actual expenditures came in \$9,151,000 below budget and can be summarized as follows:

- General government under budget \$2,135,000 (due to lower service requests than budgeted)
- Public safety under budget \$1,914,000 (due to personnel vacancies)
- Judiciary under budget \$1,321,000 (due to general under-expenditures)
- Miscellaneous expenses under budget \$2,482,000 (due to unspent budget reserves)

capital asset and debt administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of December 31, 2007, amounts to \$5,253,119,000 (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	
	2007	2006	2007	2006	2007	2006
Land	\$ 485,479	\$ 389,546	\$ 64,654	\$ 63,507	\$ 550,133	\$ 453,053
Improvements	210,167	155,850	2,176,774	2,047,314	2,386,941	2,203,164
Buildings	491,159	463,677	558,907	556,221	1,050,066	1,019,898
Equipment	52,879	45,467	221,894	230,782	274,773	276,249
Vehicles and motorized equipment	25,182	21,555	12,684	13,438	37,866	34,993
Infrastructure (roads)	617,074	567,721	-	-	617,074	567,721
Construction in progress	106,181	115,101	230,085	122,235	336,266	237,336
Total	\$1,988,121	\$1,758,917	\$3,264,998	\$3,033,497	\$5,253,119	\$4,792,414

Governmental assets moved from construction in progress to the asset records during the year totaled approximately \$265 million. Major projects consisted of the following:

- Sugarloaf Parkway – \$39 million
- Park Land/Open space Acquisitions – \$39 million
- West Gwinnett Park – \$24.3 million
- SR 324 (I-85 to SR 20) – \$16.2 million
- Peachtree Ridge Park – \$8.9 million
- DOT Central Maintenance Facility – \$8.8 million
- Duncan Creek Park – \$7.5 million
- North Berkeley Lake Road – \$7.3 million
- Animal Welfare Facility – \$7.1 million

Business-type assets moved from construction in progress to the asset records during the year equaled approximately \$118 million. Major projects consisted of the following:

- F. Wayne Hill Water Treatment Plant – \$32.8 million
- I-85 Collector/Distributor – \$9.6 million
- North Gwinnett 30"– 48" Trans. Main – \$9.4 million
- Hurricane Shoals – Rabbit Hill 16" Water Main – \$3.5 million
- Lanier Filter Building 2 Rehab – \$3.3 million

Additional information on the County's capital assets can be found in **Note 7** on pages 64 – 67 of this report.

Long-Term Debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$96,350,000 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 \$784,419,000 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 \$6,945,000 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	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$96,350	\$106,555	\$ -	\$ -	\$96,350	\$106,555
Revenue bonds	6,945	8,990	784,419	810,200	791,364	819,190
Total	\$103,295	\$115,545	\$784,419	\$810,200	\$887,714	\$925,745

The County's total long term bonds decreased by \$38,031,000 during the current fiscal year due to debt payouts in 2007 (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 68 – 76 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 \$2,757,514,000 which is significantly in excess of the County's net outstanding general obligation debt of \$73,692,000.

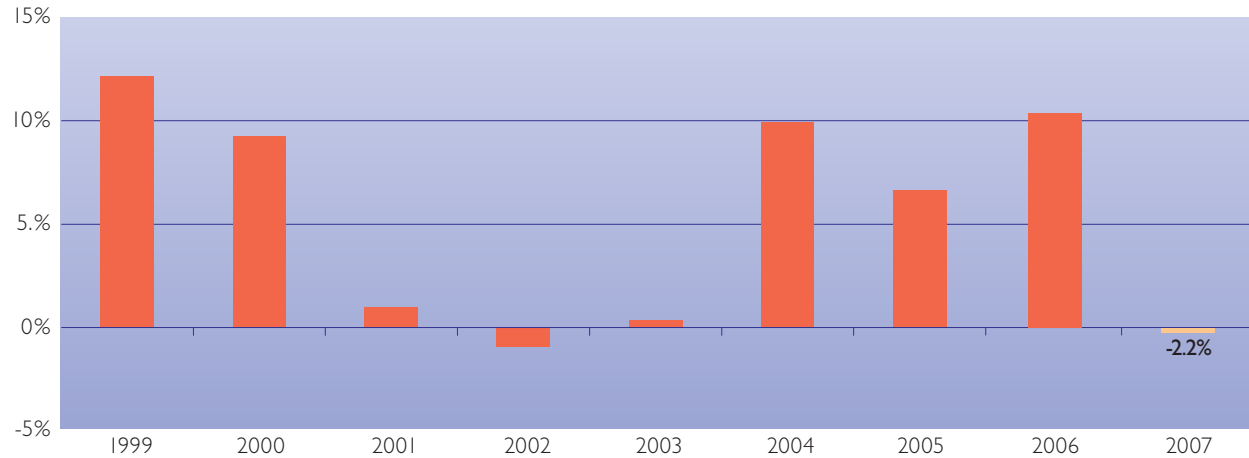
Economic trends for Gwinnett County have shown a decline in the economy. However, in the near future, Gwinnett's high tech economic base and strength in logistics and distribution should help the economy weather the economic storm. Consider the following:

- SPLOST revenue fell 2.2 percent in 2007 as a result of a declining housing market, tightening consumer credit and rising costs of non-discretionary goods such as food and energy
- Overall job growth appears to be slowing as employment growth was only 0.2 percent on an annual basis through the third quarter of 2007 (the latest available). What job growth was experienced was predominantly in those sectors that pay wages less than 90 percent of the county average

economic factors and next year's budgets and rates

- 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 3.87 mills since 1996—almost 26 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

SPLOST Revenue Growth



All of these factors were taken into consideration when preparing the 2008 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 2008 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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statement of net assets
december 31, 2007
(in thousands of dollars)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS:				
Cash and cash equivalents	\$ 476,990	67,268	544,258	16,057
Accrued interest receivable	-	-	-	12
Investments	268,009	-	268,009	-
Receivables, net of allowance	57,685	24,645	82,330	733
Internal balances	(2,665)	2,665	-	-
Due from other governments	26,132	3,351	29,483	381
Due from primary government	-	-	-	368
Due from component unit	3,310	-	3,310	-
Inventories	1,888	3,953	5,841	39
Prepaid items	15,240	11,706	26,946	-
Net pension asset	71,582	-	71,582	-
Net OPEB asset	6,409	-	6,409	-
Lease receivable from primary government	-	-	-	62,130
Restricted assets:				
Cash and cash equivalents	-	37,305	37,305	12,181
Investments	-	54,627	54,627	-
Debt issuance costs	303	2,256	2,559	640
Other assets	-	898	898	-
Capital assets				
Land and construction in progress	591,660	294,739	886,399	3,486
Other capital assets, net of depreciation	1,396,461	2,970,259	4,366,720	3,089
Total assets	2,913,004	3,473,672	6,386,676	99,116
LIABILITIES:				
Accounts payable	55,349	42,741	98,090	1,380
Retainage payable	-	10,070	10,070	-
Other accrued payables	13,496	1,952	15,448	511
Accrued pension	45	-	45	-
Customer deposits	-	6,466	6,466	-
Accrued interest payable	1,704	11,230	12,934	-
Due to others	625	834	1,459	-
Due to other governments	-	-	-	32
Due to component units	368	-	368	-
Unearned revenue	1	831	832	92
Noncurrent liabilities:				
Due within one year	35,964	33,017	68,981	2,540
Due in more than one year	154,470	763,238	917,708	78,504
Total liabilities	262,022	870,379	1,132,401	83,059
NET ASSETS:				
Invested in capital assets, net of related debt	1,822,598	2,517,483	4,340,081	1,627
Restricted for:				
Capital projects	335,016	-	335,016	-
Debt service	22,658	25,199	47,857	-
Health programs	-	-	-	6,673
Unrestricted	470,710	60,611	531,321	7,757
Total net assets	\$ 2,650,982	2,603,293	5,254,275	16,057

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

statement of activities year ended december 31, 2007 (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	\$ 82,315	(7,394)	22,340	2,271	482	(49,828)	-	(49,828)	-
Public safety	173,779	-	22,940	567	408	(149,864)	-	(149,864)	-
Judiciary	113,633	-	27,145	3,513	-	(82,975)	-	(82,975)	-
Public works	82,878	20	6,084	3,320	23,471	(50,023)	-	(50,023)	-
Health and welfare	12,640	-	-	-	103	(12,537)	-	(12,537)	-
Culture and recreation	55,907	1,125	3,368	201	103	(53,360)	-	(53,360)	-
Housing and development	18,247	-	6,145	5,994	44	(6,064)	-	(6,064)	-
Tourism	2,214	-	-	-	-	(2,214)	-	(2,214)	-
Development Authority	2,580	-	-	-	-	(2,580)	-	(2,580)	-
Interest on long-term debt	4,263	-	-	-	-	(4,263)	-	(4,263)	-
Total Governmental Activities	<u>548,456</u>	<u>(6,249)</u>	<u>88,022</u>	<u>15,866</u>	<u>24,611</u>	<u>(413,708)</u>	-	<u>(413,708)</u>	-
Business-Type Activities:									
Water and Sewer	191,807	5,805	202,960	-	89,210	-	94,558	94,558	-
Airport	2,026	77	858	200	53	-	(992)	(992)	-
Solid Waste	483	6	-	-	-	-	(489)	(489)	-
Stormwater	25,111	344	16,045	594	24,606	-	15,790	15,790	-
Transit	14,167	17	3,035	3,418	25	-	(7,706)	(7,706)	-
Total Business-Type Activities	<u>233,594</u>	<u>6,249</u>	<u>222,898</u>	<u>4,212</u>	<u>113,894</u>	-	<u>101,161</u>	<u>101,161</u>	-
Total Primary Government	<u>\$ 782,050</u>	<u>-</u>	<u>310,920</u>	<u>20,078</u>	<u>138,505</u>	<u>(413,708)</u>	<u>101,161</u>	<u>(312,547)</u>	<u>-</u>
Component Units									
	<u>\$ 44,212</u>	<u>-</u>	<u>8,249</u>	<u>34,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,566)</u>
General revenues:									
Property taxes						\$ 328,612	-	328,612	-
Sales taxes						152,528	-	152,528	-
Other taxes						56,215	-	56,215	-
Investment income						42,626	7,426	50,052	3,322
Miscellaneous						5,386	4,693	10,079	471
Total general revenues						<u>585,367</u>	<u>12,119</u>	<u>597,486</u>	<u>3,793</u>
Transfers						<u>(5,338)</u>	<u>5,338</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers						<u>580,029</u>	<u>17,457</u>	<u>597,486</u>	<u>3,793</u>
Change in net assets						166,321	118,618	284,939	2,227
Net Assets – beginning						2,484,661	2,484,675	4,969,336	13,830
Net Assets – endine						<u>\$ 2,650,982</u>	<u>2,603,293</u>	<u>5,254,275</u>	<u>16,057</u>

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

comprehensive annual financial report **07** gwinnettcounty

governmental funds balance sheet december 31, 2007 (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	\$ 161,727	48,290	18,350	9,827	62,960	85,814	386,968
Investments	-	17,348	25,060	101,893	123,708	-	268,009
Receivables, net of allowance:							
Taxes	20,709	-	-	-	25,332	2,631	48,672
Accounts	2,557	495	322	945	1,562	1,794	7,675
Due from other funds	409	-	-	-	-	-	409
Due from other governments	23,390	-	-	254	-	405	24,049
Due from component unit	-	-	-	-	-	3,310	3,310
Inventories	920	-	-	-	-	118	1,038
Prepaid items	2,928	-	36	-	-	12,274	15,238
Total assets	<u>\$ 212,640</u>	<u>66,133</u>	<u>43,768</u>	<u>112,919</u>	<u>213,562</u>	<u>106,346</u>	<u>755,368</u>
LIABILITIES AND FUND BALANCES:							
Accounts payable	\$ 9,641	3,618	7,890	10,090	17,117	1,727	50,083
Payroll payable	12,370	-	11	30	10	982	13,403
Other accrued	4	-	70	15	-	4	93
Accrued pension	43	-	-	-	-	2	45
Due to other funds	-	-	-	-	-	409	409
Due to others	599	-	-	-	-	26	625
Due to component unit	-	-	-	-	-	181	181
Deferred revenue	37,915	30	-	-	-	1,981	39,926
Total liabilities	<u>60,572</u>	<u>3,648</u>	<u>7,971</u>	<u>10,135</u>	<u>17,127</u>	<u>5,312</u>	<u>104,765</u>
Fund balances:							
Reserved for inventories	920	-	-	-	-	118	1,038
Reserved for prepaid items	2,928	-	36	-	-	12,274	15,238
Reserved for long-term receivable	-	-	-	-	-	3,310	3,310
Reserved for tourism	-	-	-	-	-	5,638	5,638
Total reserved fund balances	<u>3,848</u>	<u>-</u>	<u>36</u>	<u>-</u>	<u>-</u>	<u>21,340</u>	<u>25,224</u>
Unreserved:							
Designated for special revenue funds	-	-	-	-	-	62,964	62,964
Designated for grant funds	-	-	-	-	-	336	336
Designated for capital project funds	-	62,485	35,761	102,784	196,435	-	397,465
Designated for debt service funds	-	-	-	-	-	10,394	10,394
Designated for operating stability	99,600	-	-	-	-	-	99,600
Designated for parking deck project	-	-	-	-	-	6,000	6,000
Undesignated	48,620	-	-	-	-	-	48,620
Total unreserved fund balances	<u>148,220</u>	<u>62,485</u>	<u>35,761</u>	<u>102,784</u>	<u>196,435</u>	<u>79,694</u>	<u>625,379</u>
Total fund balances	<u>152,068</u>	<u>62,485</u>	<u>35,797</u>	<u>102,784</u>	<u>196,435</u>	<u>101,034</u>	<u>650,603</u>
Total liabilities and equity	<u>\$ 212,640</u>	<u>66,133</u>	<u>43,768</u>	<u>112,919</u>	<u>213,562</u>	<u>106,346</u>	<u>755,368</u>

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 activities december 31, 2007 (in thousands of dollars)

Fund balances – total governmental funds	\$	650,603
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		71,582
Net OPEB asset is not recorded on the fund financial statements		6,409
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	1,978,232	
Capital assets used in Internal service funds are reported in the governmental activities column of the governmentwide statement of net assets	<u>9,889</u>	1,988,121
Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Deferred issuance costs		303
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	(6,945)	
General obligation bonds payable	(96,350)	
Premiums	(601)	
Unamortized loss on early refunding	503	
Lease payable to component unit	(62,130)	
Accrued leave	(13,746)	
Estimated claims payable	<u>(11,165)</u>	(190,434)
Revenue deferred in the governmental funds due to availability criteria is susceptible to full accrual on the governmentwide statements		
Property tax	16,423	
Insurance premium tax	23,390	
Other	112	39,925
Interest payable on long-term debt is not accrued in the fund statements		(1,704)
Interest payable on capital lease to component unit is not accrued in the fund statements		(187)
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	87,571	
Less capital assets already accounted for above	(9,889)	
Plus accrued leave already accounted for above	182	
Plus claims payable already accounted for above	11,165	
Less amount due to Enterprise Funds	<u>(2,665)</u>	<u>86,364</u>
Net assets of governmental activities	\$	<u>2,650,982</u>

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

**governmental funds
statement of revenues,
expenditures, and
changes in fund balances
year ended december 31, 2007
(in thousands of dollars)**

	General	Other Capital Projects	1997 Sales Tax	2001 Sales Tax	2005 Sales Tax	Other Governmental Funds	Total
REVENUES:							
Taxes	\$ 337,172	-	-	-	152,528	44,620	534,320
Permits and licenses	11,072	-	-	-	-	-	11,072
Intergovernmental	4,007	541	3,287	3,213	399	7,534	18,981
Charges for services	37,560	-	-	-	-	25,349	62,909
Fines and forfeitures	13,802	-	-	-	-	247	14,049
Investment income	14,170	-	4,189	7,857	9,211	3,104	38,531
Change in fair market value of investments	3	136	177	589	778	-	1,683
Miscellaneous	3,426	1,971	196	242	794	1,130	7,759
Total revenues	<u>421,212</u>	<u>2,648</u>	<u>7,849</u>	<u>11,901</u>	<u>163,710</u>	<u>81,984</u>	<u>689,304</u>
EXPENDITURES:							
Current operating:							
General government	74,821	-	-	-	-	2	74,823
Public Safety	151,935	-	-	-	-	8,894	160,829
Judiciary	109,063	-	-	-	-	960	110,023
Public works	16,951	-	-	-	-	5,915	22,866
Health and welfare	12,503	-	-	-	-	63	12,566
Culture and recreation	20,126	-	-	-	-	22,489	42,615
Housing and development	13,095	-	-	-	-	-	13,095
Tourism	-	-	-	-	-	2,214	2,214
Development authority	-	-	-	-	-	4,045	4,045
Grant programs	-	-	-	-	-	6,042	6,042
Capital outlay	233	23,868	63,216	79,828	143,191	1,229	311,565
Debt service	-	-	-	-	-	16,330	16,330
Total expenditures	<u>398,727</u>	<u>23,868</u>	<u>63,216</u>	<u>79,828</u>	<u>143,191</u>	<u>68,183</u>	<u>777,013</u>
Revenues in excess of (less than) expenditures	<u>22,485</u>	<u>(21,220)</u>	<u>(55,367)</u>	<u>(67,927)</u>	<u>20,519</u>	<u>13,801</u>	<u>(87,709)</u>
OTHER FINANCING SOURCES (USES):							
Transfers in	1,458	19,321	-	-	-	143	20,922
Transfers out	(20,231)	-	-	-	-	(5,298)	(25,529)
Other financing sources (uses), net	<u>(18,773)</u>	<u>19,321</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,155)</u>	<u>(4,607)</u>
Net change in fund balances	3,712	(1,899)	(55,367)	(67,927)	20,519	8,646	(92,316)
Fund balance – January 1, as restated	<u>148,356</u>	<u>64,384</u>	<u>91,164</u>	<u>170,711</u>	<u>175,916</u>	<u>92,388</u>	<u>742,919</u>
Fund balance – December 31	<u>\$ 152,068</u>	<u>62,485</u>	<u>35,797</u>	<u>102,784</u>	<u>196,435</u>	<u>101,034</u>	<u>650,603</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
year ended december 31, 2007
(in thousands of dollars)**

Net change in fund balances – total governmental funds		(92,316)
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	311,565	
Capital Expenditures reclassified as expense	(52,505)	
Depreciation Expense – General Fixed Assets	(50,850)	
Adjustment		208,210
Contributions of capital assets are not recorded in governmental funds		19,619
The loss on disposition of capital assets is not reported in the fund statements		(500)
Retirement of debt is reported as an expenditure in the fund statements but represents a reduction of liability balances on the governmentwide statement of net assets.		12,250
The current years decrease to the net pension asset creates a balance sheet item while increasing net expenses of pensionable functions on the governmentwide statements		(98)
The current years increase in the net OPEB asset creates a balance sheet item while reducing net expenses of the functions on the governmentwide statements		6,409
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 governmentwide statements and amortized as follows:		
Amortization of deferred issuance costs		(69)
Amortization of deferred loss on defeasance		(304)
Amortization of deferred premium (discount) on bonds		172
Accrued interest payable is not included on the fund financial statements		18
Lease payments to the Development Authority are reported as expense in the fund statement and as a reduction of the lease payable in the governmentwide statements		1,465
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.		9,764
Accrued expenses related to compensated absences are not reported in the fund statements		(1,334)
Some revenue earned is deferred in the governmental funds due to availability criteria.		3,035
		<hr/>
Change in net assets of governmental activities		<u><u>\$166,321</u></u>

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

**general fund
statement of revenues,
expenditures, and changes
in fund balance – budget and
actual (budget basis)
year ended december 31, 2007
(in thousands of dollars)**

	Original Budget	Final Budget	Actual (non-GAAP budget basis)	Variance-positive (negative)
REVENUES:				
Taxes	\$ 302,059	321,127	331,036	9,909
Permits and licenses	22,273	10,083	11,522	1,439
Intergovernmental	6,304	5,557	5,341	(216)
Charges for services	40,354	38,507	34,406	(4,101)
Fines and forfeitures	12,414	13,257	13,802	545
Investment income	7,008	8,000	14,170	6,170
Miscellaneous	10,932	11,263	11,023	(240)
Total revenues	401,344	407,794	421,300	13,506
EXPENDITURES:				
Current operating:				
General government:				
County administration	2,546	3,900	3,686	214
Law	1,648	1,358	1,322	36
Support services	33,069	32,005	31,395	610
Financial services	13,822	14,190	12,967	1,223
Human resources	3,309	3,397	3,345	52
Tax commissioner	8,367	8,767	8,767	-
Total general government	62,761	63,617	61,482	2,135
Public safety:				
Police services	75,382	75,636	75,057	579
Correctional services	12,531	12,627	12,602	25
Fire and emergency services	66,029	64,838	63,528	1,310
Total public safety	153,942	153,101	151,187	1,914
Judiciary:				
Courts	35,885	36,265	35,526	739
District attorney	6,694	6,694	6,459	235
Probation	115	115	105	10
Sheriff	60,458	63,252	63,252	-
Solicitor	4,065	4,176	3,839	337
Total judiciary	107,217	110,502	109,181	1,321
Public works				
Health and welfare:	17,586	17,742	16,945	797
Physical health	1,615	1,615	1,615	-
Indigent medical care	500	500	500	-
Various subsidized agencies	3,504	3,507	3,437	70
General community services	4,753	4,935	4,786	149
Total health and welfare	10,372	10,557	10,338	219
Culture and recreation:				
Library	17,745	17,745	17,745	-
Total culture and recreation	17,745	17,745	17,745	-
Housing and development:				
Planning and development	10,062	11,039	10,756	283
Total housing and development	10,062	11,039	10,756	283
Miscellaneous				
Total expenditures	397,393	407,827	398,676	9,151
Revenues in excess of expenditures				
	3,951	(33)	22,624	22,657
OTHER FINANCING SOURCES (USES):				
Transfers in	2,319	2,326	1,458	(868)
Transfers out	(22,013)	(21,668)	(20,231)	1,437
Other financing sources (uses), net	(19,694)	(19,342)	(18,773)	569
Revenues and other financing sources less than expenditures and other financing uses	(15,743)	(19,375)	3,851	23,226
Fund balance allocation	15,743	19,375	-	(19,375)
Fund balance – January 1	-	-	148,271	148,271
Fund balance – December 31	\$ -	-	152,122	152,122

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

**proprietary funds
statement of net assets
december 31, 2007
(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	\$ 39,754	9,409	18,105	67,268	90,022
Receivables, net of allowance:					
Accounts	22,408	2,100	137	24,645	352
Due from other funds	-	-	-	-	986
Due from other governments	-	1,249	2,102	3,351	2,083
Inventories	3,953	-	-	3,953	850
Prepaid items	11,703	3	-	11,706	2
Total current assets	<u>77,818</u>	<u>12,761</u>	<u>20,344</u>	<u>110,923</u>	<u>94,295</u>
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	37,305	-	-	37,305	-
Investments	54,627	-	-	54,627	-
Total restricted assets	<u>91,932</u>	<u>-</u>	<u>-</u>	<u>91,932</u>	<u>-</u>
Land and Construction in progress	271,864	9,945	12,930	294,739	-
Other capital assets, net of depreciation	2,534,579	409,331	26,349	2,970,259	9,889
Debt issuance costs	2,256	-	-	2,256	-
Other assets	898	-	-	898	-
Total noncurrent assets	<u>2,901,529</u>	<u>419,276</u>	<u>39,279</u>	<u>3,360,084</u>	<u>9,889</u>
Total assets	<u>2,979,347</u>	<u>432,037</u>	<u>59,623</u>	<u>3,471,007</u>	<u>104,184</u>
LIABILITIES:					
Current liabilities:					
Accounts payable	36,485	2,975	3,281	42,741	5,266
Payroll payable	1,713	216	22	1,951	-
Retainage payable	9,574	495	1	10,070	-
Other accrued	1	-	-	1	-
Estimated claims payable-current	-	-	-	-	8,435
Due to others	214	620	-	834	-
Notes payable-current	369	-	-	369	-
Accumulated leave benefits - current	1,498	193	24	1,715	-
Unearned revenue	100	731	-	831	-
Total current liabilities	<u>49,954</u>	<u>5,230</u>	<u>3,328</u>	<u>58,512</u>	<u>13,701</u>
Noncurrent liabilities:					
Payable from restricted assets:					
Customer deposits	6,466	-	-	6,466	-
Accrued interest	11,201	29	-	11,230	-
Revenue bonds payable-current	30,933	-	-	30,933	-
Total payable from restricted assets	<u>48,600</u>	<u>29</u>	<u>-</u>	<u>48,629</u>	<u>-</u>
Notes payable	7,567	2,238	-	9,805	-
Revenue bonds payable	751,500	-	-	751,500	-
Estimated claims payable-noncurrent	107	-	-	107	2,730
Accumulated leave benefits	33	4	-	37	182
Arbitrage payable	1,789	-	-	1,789	-
Total noncurrent liabilities	<u>760,996</u>	<u>2,242</u>	<u>-</u>	<u>763,238</u>	<u>2,912</u>
Total liabilities	<u>859,550</u>	<u>7,501</u>	<u>3,328</u>	<u>870,379</u>	<u>16,613</u>
NET ASSETS:					
Invested in capital assets, net of related debt	2,061,166	417,038	39,279	2,517,483	9,889
Restricted for debt service	25,199	-	-	25,199	-
Unrestricted	33,432	7,498	17,016	57,946	77,682
Total net assets	<u>\$ 2,119,797</u>	<u>424,536</u>	<u>56,295</u>	<u>2,600,628</u>	<u>87,571</u>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds.				2,665	
Net assets of business type activities				<u>\$ 2,603,293</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, 2007
(in thousands of dollars)**

	Enterprise Funds			Total	Internal Service Funds
	Water and Sewerage	Stormwater	Other Enterprise Funds		
OPERATING REVENUES:					
Residential and commercial service	\$ 191,790	-	-	191,790	-
Wholesale service	9,135	-	-	9,135	-
Public fire protection charges	442	-	-	442	-
Connection charges	1,593	-	-	1,593	-
Operating lease income and rental income from individual hangars	-	-	858	858	-
Charges to other funds	-	-	-	-	65,557
Employee contributions	-	-	-	-	7,282
Intergovernmental	-	2,450	3,696	6,146	-
User fees and charges	-	16,045	3,035	19,080	-
Miscellaneous	3,490	60	1,143	4,693	576
Total operating revenues	<u>206,450</u>	<u>18,555</u>	<u>8,732</u>	<u>233,737</u>	<u>73,415</u>
OPERATING EXPENSES:					
Water production	14,082	-	-	14,082	-
Distribution and collection	25,990	-	-	25,990	-
Engineering	6,430	-	-	6,430	-
Reclamation	26,988	-	-	26,988	-
Vehicle maintenance and repair	-	-	-	-	7,328
Benefit claims	-	-	-	-	33,046
Insurance premiums	-	-	-	-	6,719
Depreciation and amortization	63,123	15,341	3,052	81,516	3,589
Transit operations	-	-	12,456	12,456	-
General and administrative	21,323	9,801	1,364	32,488	14,355
Total operating expenses	<u>157,936</u>	<u>25,142</u>	<u>16,872</u>	<u>199,950</u>	<u>65,037</u>
Operating income (loss)	<u>48,514</u>	<u>(6,587)</u>	<u>(8,140)</u>	<u>33,787</u>	<u>8,378</u>
NONOPERATING REVENUES (EXPENSES):					
Interest income	5,455	665	603	6,723	2,406
Investment Income (loss)	703	-	-	703	5
Interest expense	(33,986)	-	-	(33,986)	-
Gain (loss) on disposal of capital assets	(6,500)	(432)	-	(6,932)	-
Total nonoperating revenues (expenses)	<u>(34,328)</u>	<u>233</u>	<u>603</u>	<u>(33,492)</u>	<u>2,411</u>
Income (loss) before transfers and contributions	<u>14,186</u>	<u>(6,354)</u>	<u>(7,537)</u>	<u>295</u>	<u>10,789</u>
Capital contributions	89,210	22,750	-	111,960	-
Transfers in	881	-	4,649	5,530	-
Transfers out	(10)	-	(182)	(192)	-
Change in net assets	<u>104,267</u>	<u>16,396</u>	<u>(3,070)</u>	<u>117,593</u>	<u>10,789</u>
Net Assets – January 1	<u>2,015,530</u>	<u>408,140</u>	<u>59,365</u>		<u>76,782</u>
Net Assets – December 31	<u>\$ 2,119,797</u>	<u>424,536</u>	<u>56,295</u>		<u>87,571</u>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds				1,025	
Change in net assets of business type activities				<u>\$ 118,618</u>	

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

proprietary funds statement of cash flows year ended december 31, 2007 (in thousands of dollars)

	Enterprise Funds				
	Water and Sewerage	Storm Water	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities:					
Cash received from customers	\$ 211,398	16,571	7,532	235,501	71,070
Cash payments to suppliers for goods and services	(51,848)	(1,553)	(12,010)	(65,411)	(10,748)
Cash payments to employees for services	(35,493)	(4,540)	(587)	(40,620)	(10,009)
Claims and premiums paid	-	-	-	-	(41,612)
Net cash flows provided/(required) by operating activities	124,057	10,478	(5,065)	129,470	8,701
Cash flows from noncapital financial activities:					
Transfers from other funds	881	-	4,649	5,530	-
Transfers (to) other funds	(10)	-	(182)	(192)	-
Net cash provided by noncapital activities	871	-	4,467	5,338	-
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(210,517)	(17,577)	(227)	(228,321)	(5,463)
Proceeds from disposal of capital assets	52	-	-	52	-
Principal payments - revenue bonds	(30,845)	-	-	(30,845)	-
Principal payments - notes payable	6,146	-	-	6,146	-
Interest paid	(29,110)	-	-	(29,110)	-
Capital contributed by others	20,975	-	-	20,975	-
Net cash (required) by capital and related financing activities	(243,299)	(17,577)	(227)	(261,103)	(5,463)
Cash flows from investing activities:					
Net change in investments in pools	89,923	-	-	89,923	3,080
Interest on investments	6,158	665	603	7,426	2,411
Net cash provided by investing activities	96,081	665	603	97,349	5,491
Net increase (decrease) in cash and cash equivalents	(22,290)	(6,434)	(222)	(28,946)	8,729
Cash and cash equivalents at beginning of year	99,349	15,843	18,327	133,519	81,293
Cash and cash equivalents at end of year	\$ 77,059	9,409	18,105	104,573	90,022
Reconciliation of operating income to net cash provided by operating activities:					
Cash flows from operating activities:					
Operating income (loss)	\$ 48,514	(6,587)	(8,140)	33,787	8,378
Adjustments to reconcile operating income (loss) to net cash provided/ (required) by operating activities					
Depreciation and amortization	63,123	15,341	3,052	81,516	3,589
Change in assets and liabilities:					
(Increase) decrease in receivables	5,469	(2,445)	(1,200)	1,824	(2,344)
(Increase) decrease in inventories	(523)	-	-	(523)	(403)
(Increase) decrease in prepaid items	(10,021)	14	-	(10,007)	-
Increase (decrease) in payables	17,887	1,427	1,226	20,540	(625)
Increase (decrease) in other liabilities	-	2,728	(3)	2,725	106
Increase (decrease) in due to other funds	(1)	-	-	(1)	-
Increase (decrease) in due to others	(6)	-	-	(6)	-
Increase (decrease) in deferred revenue	(128)	-	-	(128)	-
Increase (decrease) in customer deposits	(393)	-	-	(393)	-
Increase (decrease) in accumulated leave benefits	136	-	-	136	-
Net cash provided/(required) by operating activities	\$ 124,057	10,478	(5,065)	129,470	8,701
Non cash capital contributed by others	\$ 68,235	22,750	-	90,985	-
Non cash accretion on capital appreciation bonds	5,064	-	-	5,064	-

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

**fiduciary funds – statement
of fiduciary net assets
december 31, 2007
(in thousands of dollars)**

	<u>Agency Funds</u>	<u>Pension (and Other Employee Benefit) Trust Funds</u>
ASSETS:		
Cash and cash equivalents	\$ 33,775	20,690
Investments, at fair value:		
US governmental treasuries	-	86,429
US governmental agencies	-	36,043
Corporate bonds	-	40,484
Collateralized mortgage obligations	-	15,605
Corporate equities	-	224,220
International equities	-	52,636
Mutual funds invested in equities	-	20,068
	<hr/>	<hr/>
Total investments	-	475,485
Securities lending collateral investment pool	-	71,412
Contributions receivable from employer	-	4,000
Taxes receivable	41,502	-
	<hr/>	<hr/>
Total	\$ 75,277	571,587
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES:		
Accounts Payable	\$ -	784
Due to other funds	-	986
Liability for securities lending agreement	-	71,412
Due to others	75,277	-
	<hr/>	<hr/>
Total	\$ 75,277	73,182
	<hr/> <hr/>	<hr/> <hr/>
Net assets held in trust for pension and other employee benefits (A schedule of funding progress is presented on pages 89 and 90.)		\$ 498,405

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

pension (and other employee benefit) trust funds statement of changes in fiduciary net assets year ended december 31, 2007 (in thousands of dollars)

ADDITIONS

Contributions:	
Employer	\$ 57,628
Employee	12,342
Total contributions	<u>69,970</u>
Investment Income:	
Investment income	24,994
Securities lending income	89
Interest and dividends	8,830
Total investment income	<u>33,913</u>
Less – investment expense	(2,506)
securities lending expense	<u>(3)</u>
Net investment income	<u>31,404</u>
Transfers from prior plan	<u>432,219</u>
Total additions	<u>533,593</u>

DEDUCTIONS

Benefits paid	29,155
Refunds of contributions and transfers	4,419
Insurance premiums	333
Administrative expenses	1,281
Total deductions	<u>35,188</u>
Net increase	498,405

Net assets held in trust for pension and other employee benefits:	
Beginning of year	<u>-</u>
End of year	<u>\$ 498,405</u>

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

**component units
combining statement
of net assets
december 31, 2007
(in thousands of dollars)**

	Public Library	Golf Course Commission	Development Authority	Health Department	Total
ASSETS:					
Current Assets:					
Cash and cash equivalents	\$ 7,110	\$ 84	\$ 779	\$ 8,084	\$ 16,057
Accrued interest receivable	-	-	12	-	12
Receivables, net of allowance	557	-	-	176	733
Lease receivable from primary government, current portion	-	-	1,525	-	1,525
Due from primary govt	-	-	368	-	368
Due from other governments	-	-	-	381	381
Inventories	-	39	-	-	39
Total current assets	<u>7,667</u>	<u>123</u>	<u>2,684</u>	<u>8,641</u>	<u>19,115</u>
Non-Current Assets:					
Restricted cash	-	-	12,181	-	12,181
Lease receivable from primary government	-	-	60,605	-	60,605
Capital assets					
Land and construction in progress	-	2,895	591	-	3,486
Other capital assets, net of depreciation	1,133	1,362	-	604	3,099
Debt issuance costs	-	-	640	-	640
Total noncurrent assets	<u>1,133</u>	<u>4,257</u>	<u>74,017</u>	<u>604</u>	<u>80,011</u>
Total assets	<u>8,800</u>	<u>4,380</u>	<u>76,701</u>	<u>9,245</u>	<u>99,126</u>
LIABILITIES:					
Current Liabilities:					
Accounts payable	625	94	368	293	1,380
Unearned revenue	-	-	-	92	92
Due to other governments	-	-	-	32	32
Accrued salaries and related payments	511	-	-	-	511
Total current liabilities	<u>1,136</u>	<u>94</u>	<u>368</u>	<u>417</u>	<u>2,015</u>
Noncurrent Liabilities:					
Due within one year	93	88	1,920	444	2,545
Due in more than one year	817	4,987	72,535	170	78,509
Total noncurrent liabilities	<u>910</u>	<u>5,075</u>	<u>74,455</u>	<u>614</u>	<u>81,054</u>
Total liabilities	<u>2,046</u>	<u>5,169</u>	<u>74,823</u>	<u>1,031</u>	<u>83,069</u>
NET ASSETS:					
Invested in capital assets, net of related debt	1,133	(818)	708	604	1,627
Restricted – other	-	-	-	6,673	6,673
Unrestricted	5,621	29	1,170	937	7,757
Total net assets (deficit)	<u>\$ 6,754</u>	<u>\$ (789)</u>	<u>\$ 1,878</u>	<u>\$ 8,214</u>	<u>\$ 16,057</u>

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

**component units
combining statement
of activities
year ended december 31, 2007
(in thousands of dollars)**

	Expenses	Program Revenues			Public Library Total	Golf	Development	Health	Totals
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Course Commission Total	Authority Total	Department Total	
Public library	\$ 19,868	1,806	19,079	-	1,017	-	-	-	1,017
Golf course commission	1,179	1,030	-	-	-	(149)	-	-	(149)
Development authority	2,676	82	404	-	-	-	(2,190)	-	(2,190)
Health department	20,489	5,331	14,914	-	-	-	-	(244)	(244)
Total component units	\$ 44,212	8,249	34,397	-	1,017	(149)	(2,190)	(244)	(1,566)
General Revenues:									
Lease interest income – development authority					-	-	2,767	-	2,767
Investment income					392	-	163	-	555
Misc. items for health department					-	-	-	471	471
Total general revenues					392	-	2,930	471	3,793
Change in net assets					1,409	(149)	740	227	2,227
Net Assets – beginning					5,345	(640)	1,138	7,987	13,830
Net Assets – ending					\$ 6,754	(789)	1,878	8,214	16,057

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

**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, 2007, the Authority had no assets, liabilities, or fund equity. In addition, during 2007, 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, 2007.

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, 2007.

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, 2007. 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, 2007. 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 \$721,600 to the ARC for the year ended December 31, 2007. 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, but distinguish between the County's governmental activities and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from 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 and fiduciary 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 60 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 non-exchange 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 2007, the County has recorded a \$23.4 million receivable and deferred revenue for Insurance Premium Tax due from the State of Georgia for taxes collected in 2007 which will be paid to the County in 2008. The County has also recorded a \$15.9 million receivable and deferred revenue for property taxes levied in 2007 and prior years, but expected to be collected in 2008 (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.

Pension and Other Employee Benefit Trust Funds account for the County's Defined Benefit Pension Plan and Other Post-Employment Benefits. These funds accumulate resources for pension and post-employment benefit payments to qualified retirees.

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 a stable Net Asset Value (NAV) money market fund and is rated AAAM by Standard and Poor's. Although this Pool is 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*).

Pension and OPEB Trust Funds – The Pension and OPEB Trust Funds are authorized to invest in obligations of the United States Treasury or its agencies and instrumentalities, bonds of the State of Georgia and its agencies, instrumentalities, and political subdivisions, and in certificates of deposit of national or state banks that are fully insured or collateralized by United States obliga-

tions. Additionally, they are authorized to invest in common stocks, money market instruments, and corporate bonds and debentures, which are not in default as to principal and interest. Investments are recorded at fair value based on quoted market prices.

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 2007, \$948,069 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 and statement of net assets 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. Allocation of Indirect Expenses

The County allocates indirect expenses of the General Fund to the Enterprise Funds and certain governmental functions based on respective use of indirect services.

U. 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.

V. Restatement of Fund Balance for Change in Accounting Policy

Fund Balance, as of the beginning of the year, in the Other Capital Projects Fund and the nonmajor government funds has been restated due to a change in policy relating to these funds. Management has determined that it was preferable to include the activity of a fund previously reported as non-major in the activity of the Other Capital Projects Fund. The change in policy affected beginning fund balance as previously reported in the balance sheet of the governmental funds as follows (in thousands of dollars):

	Other Capital Projects Fund	Non-Major Governmental Funds
2006 Fund Balance, as previously reported	\$ 64,346	\$ 92,426
Effect of consolidating nonmajor fund	<u>38</u>	<u>(38)</u>
2006 Fund Balance, as restated	<u>\$ 64,384</u>	<u>\$ 92,388</u>

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 Director 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, Special Revenue Funds, the Debt Service Fund and Capital Projects Funds. 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 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;
 - (d) allocate funds from the established Inmate Housing Reserve to appropriate departments as required;
 - (e) allocate funds from the established Encumbrance Reserve to appropriate departments as required;
 - (f) allocate funds from the established Inmate Medical Reserve or fund balance to various funds/departments when required to cover medical expenses;

- (g) allocate funds from designated fund balance for Other Post Employment Benefits;
- (h) transfer funds resulting from salary savings or transfer balances resulting from underexpenditures in operating accounts into pension reserve or health care reserves;
- (i) authorize preparation and submission of applications for grant funding; however acceptance of all grant awards is subject to approval of the Board of Commissioners;
- (j) adjust revenue and appropriation budgets between capital projects as necessary to incorporate grant awards previously approved by the Board of Commissioners;
- (k) approve transfers of appropriations within capital projects and allocate funds previously approved, or, as appropriate, transfer appropriations among fiscal years for projects as necessary to allow completion of each project and 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 to Capital Projects for amounts up to \$25,000;
 - (b) 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;
 - (c) allocate funds from the established Revitalization Reserve as required;
 - (d) allocate funds from the established Operational Efficiency Reserve as required;
 - (e) 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, 2007, was amended through supplemental appropriations as follows (in thousands of dollars):

	Original Appropriation Budget	Increase In Appropriation	Amended Appropriation Budget
General Fund	\$ 419,406	10,089	429,495
Special Revenue Funds	55,233	418	55,651
Debt Service Fund	13,811	-	13,811
Capital Projects Funds	537,671	23,270	560,941

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 differences between budget and actual amounts result in the accounting for certain materials purchased (budget) versus carried in inventory (GAAP). 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 fund balance	\$ 152,068	78,040	22,658
Items not budgeted	54	(17)	-
Budget basis	\$ 152,122	78,023	22,658

*Excludes grant fund

Note 3.

Cash, Cash Equivalents, and Investments

Following are the components of the County's cash, cash equivalents, and investments as of December 31, 2007 (in thousands of dollars):

	Unrestricted	Restricted	Agencies	Pension and Other Employee Trust Funds	Primary Government Total
Cash and Equivalents	\$ 544,258	37,305	33,775	20,690	636,028
Investments	268,009	54,627	-	475,485	798,121
Total	\$ 812,267	91,932	33,775	496,175	1,434,149

Credit Risk and Interest Rate Risk – County Investments

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 reserve, 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.

Interest Rate Risk – County Investments

The County's Investment Policy breaks out the County's investments into a liquidity portfolio and an investment portfolio. The liquidity portfolio has assets that are categorized as short-term funds and will be invested in permitted investments maturing in twelve (12) months or less. The investment portfolio will be invested in permitted investments with a stated maturity of no more than five years from the date of purchase.

Custodial Credit Risk: Deposits and Investments – County Investments

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, 2007, the County's Credit and Interest Rate Risk related to the County's cash equivalents and investments is as follows:

Investment	(market value) Fair Value	Duration (Years)	Credit Quality
Federal Agency Securities	\$ 291,076,967	0.63	AAA
Federal Mortgage Backed Securities	1,066,410	1.18	
State of Georgia – Georgia Fund I	230,014,261	0.06	AAAm
Total Cash Equivalents and Investments	<u>\$ 522,157,638</u>		

Pension Trust Fund Investments

As of December 31, 2007, the Pension Trust Fund had \$459,508,000 invested in the following types of investments (dollars in thousands) as categorized by credit risk:

Investment	Fair Value	Credit Quality
U.S. Treasury notes and bonds	\$ 83,525	---
United States Government agency bonds	34,832	---
Corporate bonds	2,569	AAA
Corporate bonds	5,528	AA
Corporate bonds	13,851	A
Corporate bonds	16,314	BBB
Corporate bonds	483	BB
Corporate bonds	379	Not rated
Collateralized mortgage obligations	14,118	AAA
Collateralized mortgage obligations	696	AA
Collateralized mortgage obligations	267	Not rated
Corporate equities	216,685	---
International equities	50,867	---
Mutual funds invested in equities	19,394	---
Total	<u>\$ 459,508</u>	

Credit Risk – The Pension Trust Fund’s policy prohibits investments in direct real estate, and no more than 60 percent (at cost) of the Pension Trust Fund’s assets shall be invested in equities. It is the Pension Trust Fund’s policy to limit investments in common or preferred stock of a corporation to those corporations listed on one or more of the recognized national stock exchanges in the United States of America, or those traded on the NASDAQ National Market. The policy also limits stock investments to not more than five percent of the assets of any fund in common or preferred stock of any one issuing corporation. Domestic bonds are limited to those with ratings that meet or exceed investment grade as defined by Moody’s, S&P, or Fitch. US Government Treasuries and Agency bonds are not classified by credit quality. Corporate equities, international equities, and mutual funds invested in equities are also not classified by credit quality.

On December 31, 2007, the Pension Trust Fund did not have debt or equity investments in any one organization, other than those issued by the U.S. Government, which represented greater than five percent of plan net assets.

As of December 31, 2007, the Pension Trust Fund had \$459,508,000 invested in the following types of investments (dollars in thousands) as categorized by interest rate risk:

Investment	Fair Value	Weighted Average Maturity (Years)
U.S. Treasury notes and bonds	\$ 83,525	7.33
United States Government agency bonds	34,832	23.23
Corporate bonds	39,124	11.3
Collateralized mortgage obligations	15,081	28
Corporate equities	216,685	---
International equities	50,867	---
Mutual funds invested in equities	19,394	---
Total	\$ 459,508	---

Interest Rate Risk

The Pension Trust Fund investment policy adopts the following asset mix to achieve the lowest level of risk for the plan: Equity Securities between 50 percent and 70 percent at market value (not to exceed 60 percent at cost), and Fixed Income Securities between 30 percent and 50 percent. Corporate equities, international equities, and mutual funds invested in equities are also not classified by interest rate risk.

Foreign Currency Risk

At December 31, 2007, \$50,867,000 of total Pension Trust Fund investments had exposure of foreign currency risk through investments in foreign companies.

Custodial Credit Risk: Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Pension Trust Fund may not be able to recover its deposits. As of December 31, 2007, the Plan had no bank balances exposed to custodial credit risk.

Securities Lending

State statutes and management committee policies permit the Pension Trust Fund to lend its securities to broker dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Pension Trust Fund’s cus-

todians lend securities of the type on loan at year end for collateral in the form of cash or other securities of 102 percent. The cash collateral is available to the Plan for investment without default.

Cash collateral is invested in overnight investments. At year end, the Plan has no significant credit risk exposure to borrowers because the amounts the Pension Trust Fund owes the borrowers exceed the amounts the borrowers owe the Pension Trust Fund. The contract with the Pension Trust Fund's custodian requires it to indemnify the Pension Trust Fund if the borrowers fail to return the securities and if the collateral is inadequate to replace the securities loaned or fail to pay the Pension Trust Fund for income distributions by the securities' issuers while the securities are on loan.

There were no borrower or lending agent default losses and no recoveries of prior period losses during the year. There are no income distributions owing on the securities loaned. The Pension Trust Fund records the cash received as collateral under securities lending agreements and the investments purchased with that cash as securities lending short term collateral investment pool with a corresponding amount recorded as a liability.

OPEB Trust Fund Investments

As of December 31, 2007, the OPEB Trust Fund had \$15,977,000 invested in the following types of investments (dollars in thousands) as categorized by credit risk:

<u>Investment</u>	<u>Fair Value</u>	<u>Credit Quality</u>
U.S. Treasury notes and bonds	\$ 2,904	---
United States Government agency bonds	1,211	---
Corporate bonds	89	AAA
Corporate bonds	192	AA
Corporate bonds	482	A
Corporate bonds	567	BBB
Corporate bonds	17	BB
Corporate bonds	13	Not rated
Collateralized mortgage obligations	491	AAA
Collateralized mortgage obligations	24	AA
Collateralized mortgage obligations	9	Not rated
Corporate equities	7,535	---
International equities	1,769	---
Mutual funds invested in equities	674	---
Total	<u>\$ 15,977</u>	

Credit Risk – The OPEB Trust Fund's policy prohibits investments in direct real estate, and no more than 60 percent (at cost) of the OPEB Trust Fund's assets shall be invested in equities. It is the OPEB Trust Fund's policy to limit investments in common or preferred stock of a corporation to those corporations listed on one or more of the recognized national stock exchanges in the United States of America, or those traded on the NASDAQ National Market. The policy also limits stock investments to not more than five percent of the assets of any fund in common or preferred stock of any one issuing corporation. Domestic bonds are limited to those with ratings that meet or exceed investment grade as defined by Moody's, S&P, or Fitch. US Government Treasuries and Agency bonds are not classified by credit quality. Corporate equities, international equities, and mutual funds invested in equities are also not classified by credit quality.

On December 31, 2007, the OPEB Trust Fund did not have debt or equity investments in any one organization, other than those issued by the US Government, which represented greater than five percent of plan net assets.

As of December 31, 2007, the OPEB Trust Fund had \$15,977,000 invested in the following types of investments (dollars in thousands) as categorized by interest rate risk:

<u>Investment</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Treasury notes and bonds	\$ 2,904	7.33
United States Government agency bonds	1,211	23.23
Corporate bonds	1,360	11.3
Collateralized mortgage obligations	524	28
Corporate equities	7,535	---
International equities	1,769	---
Mutual funds invested in equities	674	---
Total	<u>\$ 15,977</u>	---

Interest Rate Risk – The OPEB Trust Fund investment policy adopts the following asset mix to achieve the lowest level of risk for the plan: Equity Securities between 50 percent and 70 percent at market value (not to exceed 60 percent at cost), and Fixed Income Securities between 30 percent and 50 percent. Corporate equities, international equities, and mutual funds invested in equities are also not classified by interest rate risk.

Foreign Currency Risk – At December 31, 2007, \$1,769,000 of total OPEB Trust Fund investments had exposure of foreign currency risk through investments in foreign companies.

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the OPEB Trust Fund may not be able to recover its deposits. As of December 31, 2007, the OPEB Trust Fund had no bank balances exposed to custodial credit risk.

Securities Lending. State statutes and management committee policies permit the OPEB Trust Fund to lend its securities to broker dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The OPEB Trust Fund's custodians lend securities of the type on loan at year end for collateral in the form of cash or other securities of 102 percent. The cash collateral is available to the OPEB Trust Fund for investment without default.

Cash collateral is invested in overnight investments. At year end, the OPEB Trust Fund has no significant credit risk exposure to borrowers because the amounts the OPEB Trust Fund owes the borrowers exceed the amounts the borrowers owe the OPEB Trust Fund. The contract with the Plan's custodian requires it to indemnify the OPEB Trust Fund if the borrowers fail to return the securities and if the collateral is inadequate to replace the securities loaned or fail to pay the OPEB Trust Fund for income distributions by the securities' issuers while the securities are on loan.

There were no borrower or lending agent default losses and no recoveries of prior period losses during the year. There are no income distributions owing on the securities loaned. The OPEB Trust Fund records the cash received as collateral under securities

lending agreements and the investments purchased with that cash as securities lending short term collateral investment pool with a corresponding amount recorded as a liability.

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, 2007, upon which the 2007 levy was based, was \$27,575,141,938 (40 percent of the estimated actual taxable value of \$68,937,854,845).

The tax billing cycle for fiscal year 2007 allowed citizens to pay 50 percent of the tax bill in September with the balance due in November as detailed in the following calendar:

Levy date	January 1, 2007
Tax bills mailed by	August 15, 2007
Payment due dates	
First installment	September 15, 2007
Second installment	November 15, 2007
Delinquency dates	
First Installment	September 16, 2007
Second Installment	November 16, 2007
Approximate lien date	March 16, 2008

Note 5.

Allowances For Uncollectible Receivables

Allowances for uncollectible receivables at December 31, 2007, are as follows (in thousands of dollars):

Taxes receivable:	
General Fund	\$ 3,405
Other Governmental Funds	604
	<u>\$ 4,009</u>
Accounts receivable:	
General Fund	\$ 4,363
Water and Sewerage Fund	2,269
	<u>\$ 6,632</u>

Note 6.

Due From Other Governments

The total amount due from other governments as of December 31, 2007, is \$29,483,000. A total of \$23,389,836 is due from the State of Georgia for Insurance Premium Tax collected by the state in 2007, but not yet paid to the County. This amount was estimated using the amount received for 2007 and adjusting it for projected population growth. The remaining \$6,093,164 is due from various state and local agencies.

Note 7.

Capital Assets

The County's Capital Asset activity for the year ended December 31, 2007, was as follows (in thousands of dollars):

Primary Government

	Balance January 1, 2007	Increases	Decreases	Balance December 31, 2007
Governmental activities:				
Capital assets, not being depreciated: land	\$ 389,546	96,166	233	485,479
Construction in progress	115,101	255,602	264,522	106,181
Total capital assets, not being depreciated	504,647	351,768	264,755	591,660
Capital assets, being depreciated:				
Land improvements	188,290	61,917	281	249,926
Buildings	538,575	39,921	251	578,245
Equipment	113,624	20,773	16,339	118,058
Vehicles	54,372	9,073	3,092	60,353
Infrastructure	734,212	65,163	-	799,375
Total capital assets being depreciated	1,629,073	196,847	19,963	1,805,957
Less accumulated depreciation for:				
Land improvements	32,440	7,622	303	39,759
Buildings	74,899	12,331	144	87,086
Equipment	68,158	13,312	16,291	65,179
Vehicles	32,817	5,361	3,007	35,171
Infrastructure	166,489	15,812	-	182,301
Total accumulated depreciation	374,803	54,438	19,745	409,496
Total capital assets, being depreciated, net	1,254,270	142,409	218	1,396,461
Governmental activities capital assets, net	\$1,758,917	494,177	264,973	1,988,121

	Balance January 1, 2007	Increases	Decreases	Balance December 31, 2007
Business-type activities:				
Capital assets, not being depreciated: land	\$ 63,507	1,297	150	64,654
Construction in progress	122,235	226,043	118,193	230,085
Total capital assets, not being depreciated	185,742	227,340	118,343	294,739
Capital assets, being depreciated:				
Buildings	619,606	19,506	5,328	633,784
Improvements	2,411,599	169,500	3,163	2,577,936
Equipment	357,448	19,703	14,076	363,075
Vehicles	28,685	1,480	160	30,005
Total capital assets being depreciated	3,417,338	210,189	22,727	3,604,800
Less accumulated depreciation for:				
Buildings	63,385	13,062	1,570	74,877
Improvements	364,285	38,607	1,730	401,162
Equipment	126,666	26,946	12,431	141,181
Vehicles	15,247	2,234	160	17,321
Total accumulated depreciation	569,583	80,849	15,891	634,541
Total capital assets, being depreciated, net	2,847,755	129,340	6,836	2,970,259
Business-type activities capital assets, net	\$3,033,497	356,680	125,179	3,264,998

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

Governmental Activities:

General Government	\$11,722
Public Safety	7,790
Judiciary	3,752
Public Works	18,113
Culture and Recreation	12,720
Housing and Development	341
Total depreciation expense – governmental activities	<u>\$54,438</u>

Business-Type Activities:

Water and Sewerage	\$ 62,456
Airport	1,240
Solid Waste	2
Stormwater	15,341
Transit	1,810
Total depreciation expense – business-type activities	<u><u>\$ 80,849</u></u>

Construction Commitments

The County has active construction projects as of December 31, 2007. At year-end the County's commitments with contractors are as follows (in thousands of dollars):

Contract Value	\$794,689
Spent-to-Date	<u>342,233</u>
Remaining Commitment	<u><u>\$452,456</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, 2007:

	Beginning Balance	Increase	Decrease	Ending Balance
Equipment	2,623	333	(22)	2,934
Less accumulated depreciation	(1,502)	(321)	(22)	(1,801)
Net Capital Assets	<u>1,121</u>	12	-	<u>1,133</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, 2007:

	Beginning Balance	Increases	Decreases	Ending Balance
Land	\$ 2,895	-	-	\$ 2,895
Capital assets being depreciated:				
Buildings	474	-	-	474
Club House – Renovation	609	-	-	609
Course – Renovation	536	-	-	536
Equipment	392	14	-	406
Other improvements	57	-	-	57
Original Golf Course	1,402	-	-	1,402
Total Capital Assets being depreciated	3,470	14	-	3,484
Less accumulated depreciation for:				
Buildings	(129)	(27)	-	(156)
Club House – Renovation	(69)	(16)	-	(85)
Course – Renovation	(129)	(31)	-	(160)
Equipment	(239)	(65)	-	(304)
Other improvements	(11)	(4)	-	(15)
Original Golf Course	(1,402)	-	-	(1,402)
Total accumulated being depreciation	(1,979)	(143)	-	(2,122)
Total Capital Assets being depreciated	1,491	(129)	-	1,362
Total Springbrook	\$ 4,386	(129)	-	\$ 4,257

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, 2007:

	Beginning Balance	Increase	Decrease	Ending Balance
Equipment	\$ 1,082	422	(64)	\$ 1,440
Less accumulated depreciation	(770)	(130)	64	(836)
Net capital assets	\$ 312	292	-	\$ 604

Note 8. Long-term Obligations

The following is a summary of changes in long-term obligations for the year ended December 31, 2007 (in thousands of dollars):

Governmental Activities:	January 1, 2007	Accretion Amortization	Additions	Retirements	December 31, 2007	Amounts due within one year
Group:						
Revenue bonds	\$ 8,990	-	-	(2,045)	6,945	2,170
General obligation bonds	106,555	-	-	(10,205)	96,350	10,560
Less: deferred amounts For issuance premiums	773	-	-	(172)	601	-
Deferred loss on refunding	(807)	-	-	304	(503)	-
Total bonds payable	115,511	-	-	(12,118)	103,393	12,730

Governmental Activities:	January 1, 2007	Accretion Amortization	Additions	Retirements	December 31, 2007	Amounts due within one year
Lease Payable	63,595	-	-	(1,465)	62,130	1,525
Accumulated leave benefits	12,408	-	12,125	(10,787)	13,746	13,452
Estimated claims payable	13,240	-	93	(2,168)	11,165	8,257
Governmental activity						
Long-term liabilities	\$ 204,754	-	12,218	(26,538)	190,434	35,964

Business-Type Activities:						
Notes payable	\$ 1,790	-	8,795	(411)	10,174	369
Revenue bonds	810,200	5,064	-	(30,845)	784,419	30,933
Less: deferred amounts For issuance premiums (discounts and loss)	(2,311)	-	-	325	(1,986)	-
Total bonds payable	807,889	5,064	-	(30,520)	782,433	30,933

Estimated claims payable	-	-	107	-	107	-
Arbitrage payable	-	-	1,789	-	1,789	-
Accumulated leave benefits	1,635	-	1,635	(1,518)	1,752	1,715
Business-type activity Long-term liabilities	\$ 811,314	5,063	12,326	(32,448)	796,255	33,017

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, \$182,000 of internal service fund accumulated leave benefits and \$11,165,000 of internal service fund claims payable were included in the above amounts.

For governmental funds, accumulated leave benefits are liquidated by the General, E-911, 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. General obligation bonds outstanding, as of December 31, 2007, 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	08/01/12	\$ 61,740	\$ 29,335	\$ 32,405
2003 General Obligation	2.0 – 4.0	1/1 – 7/1	07/25/03	01/01/23	75,000	11,055	63,945
					\$136,740	\$ 40,390	\$ 96,350

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, 2007, are as follows (in thousands of dollars):

	Interest Rate %	Interest Dates	Issue Date	Maturity Date	Authorized and Issued	Cumulatively Retired	Cumulative Capital Accretion Interest	Outstanding
Governmental Activities:								
1992 Recreation Refunding	3.0 – 6.0	2/1 – 8/1	12/01/92	02/01/10	\$ 31,340	24,395	-	6,945
Business-type:								
1994 Water and Sewerage Refunding	4.9	2/1 – 8/1	02/25/94	08/01/10	63,128	41,280	57,496	79,344
1997 Water and Sewerage	5.0 – 5.25	2/1 – 8/1	06/01/97	08/01/18	100,000	100,000	-	-
1998 Water and Sewerage	4.5 – 5.0	2/1 – 8/1	05/01/98	08/01/18	170,000	168,030	-	1,970
2002 Water and Sewerage	4.0 – 5.25	2/1 – 8/1	05/01/02	08/01/25	120,000	116,500	-	3,500
2003A Water and Sewerage Refunding	1.0 – 6.0	2/1 – 8/1	06/05/03	08/01/06	18,075	18,075	-	-
2003B Water and Sewerage Refunding	4.75 – 5.0	2/1 – 8/1	06/05/03	08/01/25	200,000	-	-	200,000
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	-	-	259,600
2006 Water and Sewerage Refunding	3.75 – 4.50	2/1 – 8/1	3/9/06	8/1/25	121,375	1,370	-	120,005
					1,172,178	445,255	57,496	784,419
								(1,986)
								782,433

Deferred Charges

Net Business-Type Bonds Outstanding

The annual requirements to amortize bonds payable as of December 31, 2007, excluding unamortized bond discount/premium and deferred loss on refunding of \$1,888,000, 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	
2008	\$ 10,560	\$ 3,228	\$ 2,170	\$ 352	\$ 30,933	\$ 29,861	\$ 77,104
2009	10,945	2,860	2,310	217	25,887	31,687	73,906
2010	11,380	2,490	2,465	74	27,464	33,951	77,824
2011	11,870	2,101	-	-	35,350	30,125	79,446
2012	3,380	1,845	-	-	37,230	28,667	71,122
2013 – 2017	19,060	7,485	-	-	210,570	118,744	355,859
2018 – 2022	23,705	3,543	-	-	247,870	70,508	345,626
2023 – 2025	5,450	109	-	-	169,115	15,093	189,767
Total	\$ 96,350	\$ 23,661	\$ 6,945	\$ 643	\$ 784,419	\$ 358,636	\$ 1,270,654

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 Securities Industry and Financial Markets Association [SIFMA] Municipal Swap Index) 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, 2007, the swap had a fair value of (\$53,689). 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, 2007, the County paid the following debt service expenses related to the Series 2004A and B Variable Rate Revenue Bonds:

Interest	\$ 4,748,385
Swap Fees	\$ (1,191,284)
Liquidity Fees	\$ 127,864
Remarketing Fees	\$ 96,000

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.

Revenue Bonds – Development Authority

Component Unit	Interest Rate %	Interest Dates	Issue Date	Maturity Date	Authorized and Issued	Cumulative Retired	Outstanding
Development Authority 2007 Demand	4.125 – 5.0	biannually	07/31/07	09/01/31	\$12,000	-	12,000

Component Unit	Interest Rate %	Interest Dates	Issue Date	Maturity Date	Authorized and Issued	Cumulative Retired	Outstanding
2001 Demand	variable	weekly	05/10/01	09/01/31	\$65,000	2,870	62,130

The Development Authority (a discretely presented component unit) issued \$65,000,000 in variable-rate revenue bonds on May 10, 2001, and \$12,000,000 fixed-rate revenue bonds on July 31, 2007. The estimated annual requirements to amortize the bonds payable as of December 31, 2007, are as follows (in thousands of dollars):

Development Authority Revenue Bonds

Year Ended December 31	Principal	Interest	Total Debt Service
2008	1,920	3,065	4,985
2009	2,010	2,978	4,988
2010	2,090	2,893	4,983
2011	2,335	3,062	5,397
2012	2,420	3,163	5,583
2013 – 2017	13,485	13,926	27,411
2018 – 2022	16,140	10,343	26,483
2023 – 2027	19,390	6,156	25,546
2028 – 2031	14,340	1,609	15,949
Total	\$ 74,130	\$ 47,195	\$ 121,325

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 2001 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 County has committed to enter into a capital lease for a parking garage at the Gwinnett Center, upon its completion. The parking garage is being financed with the 2007 Bonds and will be leased, at cost, with lease repayment terms mirroring the required debt service on the 2007 bonds.

The 2001 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, 2007, was 3.42 percent. Initially, as a hedge against adverse market conditions, the County entered into an agreement with Salomon Brothers Holding Company. This agreement effectively provided an interest rate collar by which the County was 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 were 3.14 percent and 5.00 percent, respectively.

This collar terminated on May 9, 2006. As a continued hedge against adverse market conditions, the County entered into a swap agreement with Deutsche Bank, AG. This agreement effectively changes the County's variable interest rate (set by the Securities Industry and Financial Markets Association [SIFMA] Municipal Swap Index) on the Bonds to a synthetic fixed rate of 3.864 percent. The effective date of the swap is May 9, 2006. The maturity date of the swap is September 7, 2011. As of December 31, 2007, the swap had a fair market value of (\$2,143,345). The overall interest cost to the County for the next four years will be the fixed swap rate of 3.864 percent, the liquidity fee of 0.105 percent, and the remarketing fee of 0.08 percent, for a total of 4.049 percent.

Risks Associated with Interest Rate Swap Agreement

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 County would be exposed to credit risk in the amount of the swap's fair value. To minimize this risk, the County executed this agreement with the 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 swap agreement is enacted; 2) change in credit of counterparty due to merger or acquisition; and 3) an event or circumstance on the part of the counterparty or the County that results in an event of default. If an early termination occurs during adverse or extraordinary market conditions, the County could be exposed to a liability for large interest payments.

For the fiscal year ending December 31, 2007, 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
\$2,285	\$151	\$74	\$51

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, 2007, \$5,120,000 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, 2007, \$18,189,000 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, 2007, \$33,720,000 of outstanding revenue bonds are considered defeased.

In 2005, the County advance refunded that portion of the Series 1997 Water and Sewer Revenue 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, 2007, \$249,580,000 of outstanding revenue bonds are considered defeased.

In 2006, the County advance refunded that portion of the Series 2002 Water and Sewer Revenue Bonds maturing on and after August 1, 2013, in the aggregate principal amount of \$116,500,000. With an original principal amount of \$121,375,000, net proceeds of \$114,945,000 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 \$7,687,038 resulting in a net present value savings to the County of \$4,858,834. The refunded bonds are considered defeased. At December 31, 2007, \$116,500,000 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, 2007, General Obligation Bonds outstanding, net of amounts available in the Debt Service Fund of \$22,658,000 totaled \$73,692,000. The statutory limit at that date was \$2,757,514,000 providing a debt margin of \$2,683,822,000.

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, 2007, are as follows (in thousands of dollars):

Enterprise Funds:	Interest Rate %	Interest Dates	Maturity Dates	Notes Payable January 1, 2007	Additions	Retirements	Notes Payable December 31, 2007
GEFA	5.30			\$ 134	-	\$ 76	\$ 58
GEFA	6.00			35	-	35	-
GEFA	2.00			1,267	-	227	1,040
GEFA	6.25			354	-	73	281
GEFA	3.00				6,557	-	6,557
GEFA	3.00				2,238	-	2,238
				\$1,790	8,795	\$ 411	\$ 10,174

The annual requirements to pay the notes outstanding at December 31, 2007, including interest of approximately \$78,000, are as follows (in thousands of dollars):

Year Ending December 31	Enterprise Funds	Principal	Interest
2008	404	369	35
2009	344	320	24
2010	344	330	14
2011	282	277	5
2012	83	83	-
	\$ 1,457	1,379	78

The two notes drawn in 2007 related to projects which are still under construction. These are like construction loans for which a repayment schedule will not be determined until completion of the projects.

Operating Lease Commitments

The County leases certain equipment under operating leases. Rental expense for all operating leases aggregated \$5,323,083 for the year ended December 31, 2007. There were no significant future minimum rental payments, contingent rentals, or sublease rentals associated with leases in effect at December 31, 2007.

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 35 series of industrial development bonds issued from January 1, 1996, to December 31, 2007, totaling \$536,839,113. The total amount of those bonds outstanding as of December 31, 2007, was \$486,008,890.

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, 2007, are as follows (in thousands of dollars):

DUE TO	DUE FROM		Total
	Non-Major Governmental	Fiduciary	
General Fund	\$409	-	\$409
Internal Service	-	986	986
Total	\$409	\$986	\$1,395

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, 2007, consisted of the following (in thousands of dollars):

TRANSFER TO	TRANSFER FROM				Total
	General	Non-major Governmental	Water and Sewerage	Non-major Enterprise	
General Fund	\$ -	\$ 1,276	\$ -	\$ 182	\$ 1,458
Other Capital Projects	15,324	3,997	-	-	19,321
Non-major Governmental	108	25	10	-	143
Water and Sewerage	150	-	-	-	150
Non-major Enterprise	4,649	-	-	-	4,649
Total	\$ 20,231	\$ 5,298	\$ 10	\$ 182	\$ 25,721

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 Transit Enterprise Fund to cover operating deficits. Additionally, the governmental activities transferred capital assets with a net book value of \$731,000 to the Water and Sewerage Fund.

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, Workers' Compensation, and Automobile Liability funds, all internal service funds. The Risk Management, Workers' Compensation, and Automobile Liability Funds 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 these funds. The Risk Management, Workers' Compensation, and Automobile Liability Funds allocate 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, errors and omissions, and law enforcement liability, with excess coverage of \$20,000,000. The County fully self-funds the automobile liability exposure up to \$500,000 and relies on governmental immunity above these levels. 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 \$10,000 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, 2007, were as follows:

	Beginning of Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2007	\$10,240,000	119,137	2,194,137	8,165,000
2006	\$11,093,000	4,187,440	5,040,440	10,240,000

At December 31, 2007, the Risk Management Fund held \$29,601,000 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 2007 and 2006 are as follows:

	Beginning of Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2007	\$3,000,000	31,029,000	31,029,000	3,000,000
2006	\$3,000,000	26,536,510	26,536,510	3,000,000

At December 31, 2007, the Group Insurance Fund held \$35,251,000 cash and cash equivalents available for payment of these claims.

2007 Claims for Active Employees:

For 2007, there were 3,774 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, 2007, is as follows (in thousands of dollars):

Administrative Costs	\$ 2,777
Stop-Loss Insurance	1,498
Claims Experience	<u>31,029</u>
Total	<u>\$ 35,304</u>

Note 11. Deferred Compensation Plan

The County maintains a Section 457(b) 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 Gwinnett County Public Employees Retirement System (the "Plan") is a single-employer defined benefit pension plan.

The present plan covers all employees of Gwinnett County who are members of the Defined Benefit Pension Plan. The Plan was created as a successor to a previous plan by action of the Board of Commissioners on September 19, 2006. The Retirement Plans Management Committee, composed of seven members who serve without compensation by the Plan, is the Trustee of the Plan. BNY Mellon Bank is the Custodian for the Plan. Great-West Retirement Services is the Third Party Administrator of the Plan. Benefit provisions and contribution requirements are established and may be amended by the Retirement Plans Management Committee, subject to approval by the Gwinnett County Board of Commissioners.

General

The following brief description of the pension plan terms is provided for general information purposes only. Participants should refer to the plan agreement for more complete information.

Gwinnett County previously participated in the agent-multiple employer Association County Commissioners of Georgia Defined Benefit Plan and the Association County Commissioner of Georgia Defined Benefit Plan Master Trust Agreement sponsored by the Association of County Commissioners of Georgia. Having determined that it was in the best interest of the County and plan participants and beneficiaries, the County established the Gwinnett County Defined Benefit Plan, effective January 1, 2007, as a single employer, locally governed plan for the benefit of its employees and other eligible individuals as provided for in the Plan Document. Assets held in the Association County Commissioner of Georgia Defined Benefit Plan Master Trust for the benefit of Gwinnett County Employees were transferred to the Plan in 2007.

Retirement Options/Benefit Provisions

Normal retirement age under the Plan is 65. Employees having an employment or reemployment date prior to November 1, 2004, become fully vested after three years of service. Employees having an employment or reemployment date after November 1, 2004, become fully vested after five years of service.

Early retirement means the following when a Participant becomes eligible:

Schedule A: After the completion of 30 years of vesting service an employee will be eligible for an unreduced early retirement pension. A Participant will be entitled to a reduced early retirement pension on the later of the date he attains 60 years of age and completes 10 years of service.

Schedule B or C: An employee becomes eligible upon (1) completion of 30 years of vesting service; or (2) the later of the date he attains 50 years of age and his age combined with his years of vesting service equals or exceeds 75. A Participant will be entitled to a reduced early retirement pension on the later of the date he attains 60 years of age and completes 10 years of service.

Normal retirement benefits are based on a participant's average monthly compensation for the highest 60 consecutive months of credited service out of the employee's last 120 months of credited service prior to termination of employment. Normal retirement factor is 2.25 percent of Participant's average monthly compensation multiplied by years of full-time credited service for Schedule A and B. Normal retirement factor is 2.5 percent of participant's average monthly compensation multiplied by years of full-time credited service for Schedule C.

Participants who retire will receive a cost of living increase as follows:

Schedule A: There is no cost of living adjustment for benefits provided under Schedule A.

Schedule B or C: A Participant receiving retirement, disability pension, survivor, or deferred vested benefits under the provisions of any of the Employee Contributory Plans shall be entitled to a cost of living adjustment of his benefit in the amount of one percent per year.

A Participant who, prior to satisfying the requirements for a normal, early, or reduced retirement pension shall be entitled to receive a Disability Pension if the Participant has completed 10 years of full-time service and is determined to be totally disabled by the Social Security Administration prior to the Participant's termination of employment.

Joint and Survivor retirement benefits to a participant's designated beneficiary are provided by the Plan, as well as a 10 years certain benefit option.

A Post Retirement Death Benefit of up to \$15,000 (payable in a lump sum) is provided for each participant receiving an early, reduced, normal, or late retirement pension.

Eligibility

Full-time employees with an employment or re-employment commencement date before December 31, 2006, who did not elect to participate in the Defined Contribution Plan are eligible to participate in the Plan.

Employees hired or rehired after January 1, 2007; County Commissioners, other Elected Officials and Appointed Officials with an employment or reemployment date after August 1, 2000; and employees who elected to participate in the Defined Contribution Plan are excluded from participation in the Defined Benefit Plan. The Defined Benefit Plan is closed to new entrants.

Fund Membership

The following schedule (derived from the most recent actuarial valuation report) reflects membership for the Plan as of January 1, 2007.

Plan Membership as of January 1, 2007	
Retirees, beneficiaries and disabled participants receiving benefits	907
Terminated plan members entitled to but not receiving benefits	1,320
Active plan members	3,341
Total	5,568

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

Gwinnett County
 Risk Management Division
 75 Langley Drive
 Lawrenceville, GA 30045

B. Contributions

Gwinnett County is required to contribute an actuarially determined amount annually to the Plan's trust. The required contribution amount is determined using actuarial methods and assumptions approved by the Retirement Plans Management Committee. It is intended to satisfy the minimum contribution requirements as set forth in controlling State of Georgia statutes. Effective January 1, 2007, plan year, the required contribution rate, for County contributions, as a percent of pensionable earnings was set at 17.02 percent, and the County was contributing at an actual rate of 17.5 percent. The employees were required to contribute at an average rate of 5.6 percent of pensionable earnings. During the year ended December 31, 2007, the County contributed an additional \$4,000,000 to the Plan—above the contributions made with payroll.

The chart below shows County costs and contributions for the year ended December 31, 2007, for the current Defined Benefit Pension Plan and the prior two years which were for the previous plan. Assets from the previous agent, multiple-employer plan were transferred to the County's plan on January 1, 2007.

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
2007	\$ 33,037	\$ 32,939	99%	71,582
2006	25,604	36,920	144%	71,680
2005	23,940	30,025	125%	60,364

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

Annual required contribution	\$ 28,144,917
Interest from net pension obligation	(5,734,421)
Adjustment of net pension asset	10,626,163
Annual pension cost	<u>33,036,659</u>
Actual contributions to plan	<u>32,938,663</u>
Decrease in net pension asset	(97,996)
Net pension asset as of December 31, 2006	<u>71,680,261</u>
Net pension asset as of December 31, 2007	<u><u>\$ 71,582,265</u></u>

C. Defined Benefit Pension Plan

As of the most recent valuation date, January 1, 2007, the funded status of the Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (AAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/07	\$ 423,952,141	\$ 547,758,667	\$ 123,806,526	77.4%	\$ 170,174,913	72.8%

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2007. The assumptions used in the January 1, 2007, actuarial valuation are as follows:

Actuarial Assumptions:

Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Five-year smoothed market value
Assumed Rate of Return	
on Investments	8.0% (includes inflation of 3.0%)
Projected Salary Increases	5.0% (includes inflation of 3.0%)
Cost-of-Living Adjustment	1.0%
Amortization Method	Level Percent of Pay (open)
Remaining Amortization Period	20 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 and elected officials. The Plan is administered by Great-West Life & Annuity Insurance Company. On December 31, 2007, there were 1,427 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 (for employees hired prior to January 1, 2007) or 7.0 percent of pensionable earnings (for employees hired after January 1, 2007). 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 effective date of the plan was August 1, 2000. For the year ended December 31, 2007, the amount

contributed by employees was \$2,398,759. The amount contributed by the County was \$5,758,516. This amount included a contribution by the County of \$179,930 in asset management fees to reimburse employees for part of the cost of administering the Plan and effective January 1, 2007, a one percent match of pensionable earnings for each employee who contributes at least 2.5 percent to their 457(b) account.

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. This plan is for employees hired prior to January 1, 2007. Upon retirement, employees may receive disbursements from this account for eligible medical expenses. In 2007, the County contributed \$645,642 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, 2007, was \$9,567,629; total payroll was \$9,910,501. For the year ended June 30, 2006, covered employees payroll was \$8,715,860; total payroll was \$9,339,751. For the year ended 2005, covered employees’ payroll was \$8,025,862; total payroll was \$8,617,440. 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, 2007, the TRS Library employer contribution rate was 9.28 percent.

Total contributions made during fiscal years 2007, 2006, and 2005 amounted to \$1,366,256, \$1,241,137, and \$1,142,883, respectively. For each year, the following are the amounts made by the Library and employees:

	Library	Employees	Total
2007	\$887,875	\$478,381	\$1,366,256
2006	\$805,342	\$435,795	\$1,241,137
2005	\$741,590	\$401,293	\$1,142,883

For 2007, these contributions represented 9.28 percent (Library) and 5.0 percent (employees) of covered payroll equal to the required contributions. The library’s contribution was actuarially determined.

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

A. Plan Description

The Gwinnett County Retirement System Health Insurance Plan (the "OPEB Plan") is a single-employer defined benefit post-retirement health care plan, or other post employment benefit (OPEB) plan. The Gwinnett County OPEB Trust is an irrevocable trust established pursuant to *Section 115* of the Internal Revenue Code for the purpose of pre-funding other post-employment benefits provided under its welfare benefit plans in accordance with *GASB Statement 43* and *GASB Statement 45*. The trust was established, effective January 1, 2007, by the Board of Commissioners to pre-fund medical and prescription drug benefits for retirees and other former employees (and their eligible dependents) who are eligible for such benefits under existing County policy. The Retirement Plans Management Committee, composed of seven members who serve without compensation by the OPEB Plan, is the Trustee of the Plan. BNY Mellon Bank is the Custodian for the Trust. Benefit provisions and contribution requirements are established and may be amended by the County Administrator.

General

The following brief description of the OPEB plan terms is provided for general information purposes only. Participants should refer to the plan agreement for more complete information.

Retirement Options/Benefit Provisions

Eligible retirees and former employees are offered the same health and prescription drug coverage as active employees. Retirees pay approximately 25 percent of actuarially calculated and self-supporting monthly rates. The County contributes the remainder of the rates, but it caps its contribution at specific monthly limits. Participants pay 100 percent of the cost of vision and dental coverage. COBRA participants pay 102 percent of active employee rates.

Eligibility

Eligible participants for Other Post-Employment Benefits include:

1. Retirees who retired directly from Gwinnett County and who elected to enroll in the retiree medical benefit plan
2. Retirees who retired directly from Gwinnett County and who elected to enroll in another, similar retiree medical benefit plan and who subsequently lost that other coverage
3. Surviving beneficiaries receiving a Gwinnett County pension
4. Ex-elected officials who complete one full-term in office and who upon leaving office have no similar group health plan available to them
5. Certain disabled former employees
6. Former employees who qualify for continuation of benefits under COBRA

Fund Membership

The following schedule (derived from the most recent actuarial valuation report) reflects membership for the OPEB Plan as of January 1, 2007.

Active participants	4,294
Retirees and beneficiaries	1,091
Total	5,385

B. Contributions

Gwinnett County in 2007 contributed an actuarially determined amount to the OPEB Plan's trust. The annual required contribution amount is determined using actuarial methods and assumptions approved by the Retirement Plans Management Committee. It is intended to satisfy the minimum contribution requirements as set forth in GASB *Statement 45*.

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

Fiscal Year	Annual Required Contribution/ Annual OPEB Cost	Actual County Contribution	Percentage of APC Contributed	Net OPEB Asset End of Year
2007	\$ 15,305	\$ 21,714	142%	6,409

C. OPEB Plan

As of the most recent valuation date, January 1, 2007, the funded status of the OPEB Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (AAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/07	\$ -	\$ 163,210,867	\$ 163,210,867	0.0%	\$ 190,896,913	85.5%

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2007. The assumptions used in the January 1, 2007 actuarial valuation are as follows:

Actuarial Assumptions

Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Market value
Assumed Rate of Return	
On Investments	6.0% (includes inflation of 3.0%)
Healthcare Cost Trend Rate	11.0% (includes inflation of 3.0%)
Ultimate Healthcare Trend Rate	5.0%
Year of Ultimate Trend Rate	2013
Amortization Method	Level Percent of Pay (open)
Remaining Amortization Period	30 years

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, 2007, 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, 2007, 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	920	-	-	-	-	118
Prepaid Items	2,928	-	36	-	-	12,274
Long-term receivable	-	-	-	-	-	3,310
Tourism	-	-	-	-	-	5,638
Total	3,848	-	36	-	-	\$21,340

Designated for:	General	Other Capital Projects	1997 Sales Tax	2001 Sales Tax	2005 Sales Tax	Other Governmental Funds
Operating stability	\$99,600	-	-	-	-	-
Street lighting	-	-	-	-	-	4,747
Speed hump	-	-	-	-	-	769
Sheriff special operations	-	-	-	-	-	443
Police special investigations	-	-	-	-	-	4,590
Crime victims assistance	-	-	-	-	-	1,679
Corrections inmate welfare	-	-	-	-	-	205
Sheriff inmate store	-	-	-	-	-	1,044
E-911	-	-	-	-	-	24,680
Recreation district	-	-	-	-	-	22,194
Tourism	-	-	-	-	-	2,613
Grant	-	-	-	-	-	336
Sales Tax	-	-	35,761	102,784	196,435	-
Other capital projects	-	62,485	-	-	-	-
Parking deck project	-	-	-	-	-	6,000
Debt service	-	-	-	-	-	10,394
Total	\$99,600	\$62,485	\$35,761	\$102,784	\$196,435	\$79,694

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.

Note 16.

Subsequent Event

On February 28, 2008, the Gwinnett County Development Authority issued \$33,000,000 in Taxable Revenue Bonds (Gwinnett Stadium Project), series 2008. The 2008 Bonds will be used to fund all or a portion of the costs of the acquisition, construction, development, and equipping of a baseball stadium and related recreational and other facilities. The County has, through an intergovernmental agreement, agreed to lease the stadium, upon its completion, from the Development Authority under a capital lease with the payment requirements mirroring the debt service required on the 2008 Bonds.

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required supplementary information – defined benefit pension plan

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)
2005	374,604	468,160	80.0%	93,556	164,133	57.0%
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%

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)
2006	\$423,952	\$547,759	77.4%	\$123,807	\$170,175	72.8%

Due to the creation of the Plan, effective January 1, 2007, only information for that plan year is presented. Information for 2002 – 2005 is included for the prior agent, multiple-employer plan in which the County participated. As history is accumulated, multiyear information will be presented in the schedules.

The assumptions used in the preparations of the above schedules are disclosed in **Note 12** to the financial statement.

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

Gwinnett County
 Risk Management Division
 75 Langley Drive
 Lawrenceville, GA 30045

**required supplementary
information – other
post-employment benefits**

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)
2006	-	\$163,211	0.0%	\$163,211	\$190,897	85.5%

Due to the creation of the Plan, effective January 1, 2007, only information for that plan year is presented. As history is accumulated, multiyear information will be presented in the schedules.

For actuarial assumptions used in the actuarial valuation above, refer to **Note 13** to the financial statements.



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, and miscellaneous revenues such as interest income.

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.

debt service fund

capital projects funds

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.

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, 2007
(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	\$ 5,152	768	442	4,590	1,715	210	1,054
Receivables, net of allowance:							
Taxes	418	4	-	-	-	-	-
Accounts	-	-	1	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Due from component unit	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Prepaid assets	-	-	-	-	-	-	-
Total assets	<u>\$ 5,570</u>	<u>772</u>	<u>443</u>	<u>4,590</u>	<u>1,715</u>	<u>210</u>	<u>1,054</u>
LIABILITIES AND FUND BALANCES:							
Accounts payable	\$ 500	-	-	-	1	1	10
Other accrued	-	-	-	-	-	-	-
Accrued pension	-	-	-	-	1	-	-
Payroll payable	-	-	-	-	34	4	-
Due to other funds	-	-	-	-	-	-	-
Due to others	-	-	-	-	-	-	-
Due to component unit	-	-	-	-	-	-	-
Deferred revenue	323	3	-	-	-	-	-
Total liabilities	<u>823</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>36</u>	<u>5</u>	<u>10</u>
Fund balances:							
Reserved for inventories	-	-	-	-	-	-	-
Reserved for prepaid items	-	-	-	-	-	-	-
Reserved for long-term receivable	-	-	-	-	-	-	-
Reserved for tourism	-	-	-	-	-	-	-
Total reserved fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unreserved:							
Designated for special revenue funds	4,747	769	443	4,590	1,679	205	1,044
Designated for grant funds	-	-	-	-	-	-	-
Designated for debt service funds	-	-	-	-	-	-	-
Designated for parking deck project	-	-	-	-	-	-	-
Total undesignated	<u>4,747</u>	<u>769</u>	<u>443</u>	<u>4,590</u>	<u>1,679</u>	<u>205</u>	<u>1,044</u>
Total fund balances	<u>4,747</u>	<u>769</u>	<u>443</u>	<u>4,590</u>	<u>1,679</u>	<u>205</u>	<u>1,044</u>
Total liabilities and fund balances	<u>\$ 5,570</u>	<u>772</u>	<u>443</u>	<u>4,590</u>	<u>1,715</u>	<u>210</u>	<u>1,054</u>

comprehensive annual financial report **07** gwinnettcounty

E-911	Recreation District	Grant	Tourism	Total	Debt Service	Total Other Governmental Funds
25,002	22,929	-	13,949	75,811	10,003	85,814
-	1,389	-	-	1,811	820	2,631
149	12	1,123	509	1,794	-	1,794
-	-	405	-	405	-	405
-	3,310	-	-	3,310	-	3,310
-	118	-	-	118	-	118
-	10	-	-	10	12,264	12,274
<u>25,151</u>	<u>27,768</u>	<u>1,528</u>	<u>14,458</u>	<u>83,259</u>	<u>23,087</u>	<u>106,346</u>
133	339	743	-	1,727	-	1,727
-	-	4	-	4	-	4
-	1	-	-	2	-	2
338	570	36	-	982	-	982
-	-	409	-	409	-	409
-	-	-	26	26	-	26
-	-	-	181	181	-	181
-	1,226	-	-	1,552	429	1,981
<u>471</u>	<u>2,136</u>	<u>1,192</u>	<u>207</u>	<u>4,883</u>	<u>429</u>	<u>5,312</u>
-	118	-	-	118	-	118
-	10	-	-	10	12,264	12,274
-	3,310	-	-	3,310	-	3,310
-	-	-	5,638	5,638	-	5,638
<u>-</u>	<u>3,438</u>	<u>-</u>	<u>5,638</u>	<u>9,076</u>	<u>12,264</u>	<u>21,340</u>
24,680	22,194	-	2,613	62,964	-	62,964
-	-	336	-	336	-	336
-	-	-	-	-	10,394	10,394
-	-	-	6,000	6,000	-	6,000
<u>24,680</u>	<u>22,194</u>	<u>336</u>	<u>8,613</u>	<u>69,300</u>	<u>10,394</u>	<u>79,694</u>
24,680	25,632	336	14,251	78,376	22,658	101,034
<u>25,151</u>	<u>27,768</u>	<u>1,528</u>	<u>14,458</u>	<u>83,259</u>	<u>23,087</u>	<u>106,346</u>

**other governmental funds
combining statement of
revenues, expenditures, and
changes in fund balances
year ended december 31, 2007
(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
REVENUES:							
Taxes	\$ -	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for Services	5,934	97	-	2,403	934	78	255
Investment income	266	9	3	213	60	2	34
Fines and Forfeitures	-	-	247	-	-	-	-
Miscellaneous	-	-	-	1	-	10	-
Total revenues	<u>6,200</u>	<u>106</u>	<u>250</u>	<u>2,617</u>	<u>994</u>	<u>90</u>	<u>289</u>
EXPENDITURES:							
Current operating:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	398	-	111	-
Judiciary	-	-	49	-	757	-	154
Public works	5,895	20	-	-	-	-	-
Health and welfare	-	-	-	-	63	-	-
Culture and recreation	-	-	-	-	-	-	-
Grant programs	-	-	-	-	-	-	-
Tourism	-	-	-	-	-	-	-
Development authority	-	-	-	-	-	-	-
Capital outlay	-	-	2	57	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	<u>5,895</u>	<u>20</u>	<u>51</u>	<u>455</u>	<u>820</u>	<u>111</u>	<u>154</u>
Revenues in excess of (less than) expenditures	<u>305</u>	<u>86</u>	<u>199</u>	<u>2,162</u>	<u>174</u>	<u>(21)</u>	<u>135</u>
OTHER FINANCING SOURCES (USES):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	(552)	-	-	(287)
Other financing sources (uses), net	<u>-</u>	<u>-</u>	<u>-</u>	<u>(552)</u>	<u>-</u>	<u>-</u>	<u>(287)</u>
Net change in fund balances	305	86	199	1,610	174	(21)	(152)
Fund balances – January 1, as restated	<u>4,442</u>	<u>683</u>	<u>244</u>	<u>2,980</u>	<u>1,505</u>	<u>226</u>	<u>1,196</u>
Fund balances – December 31	<u>\$ 4,747</u>	<u>769</u>	<u>443</u>	<u>4,590</u>	<u>1,679</u>	<u>205</u>	<u>1,044</u>

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E-911	Recreation District	Grant	Tourism	Total	Debt Service	2003 GOB Construction	Total Other Governmental Funds
-	23,009	-	7,342	30,351	14,269	-	44,620
-	196	7,223	-	7,419	115	-	7,534
12,305	3,343	-	-	25,349	-	-	25,349
563	1,198	7	331	2,686	402	16	3,104
-	-	-	-	247	-	-	247
-	1,119	-	-	1,130	-	-	1,130
<u>12,868</u>	<u>28,865</u>	<u>7,230</u>	<u>7,673</u>	<u>67,182</u>	<u>14,786</u>	<u>16</u>	<u>81,984</u>
-	-	-	2	2	-	-	2
8,385	-	-	-	8,894	-	-	8,894
-	-	-	-	960	-	-	960
-	-	-	-	5,915	-	-	5,915
-	-	-	-	63	-	-	63
-	22,489	-	-	22,489	-	-	22,489
-	-	6,042	-	6,042	-	-	6,042
-	-	-	2,214	2,214	-	-	2,214
-	-	-	4,045	4,045	-	-	4,045
-	-	1,076	-	1,135	-	94	1,229
-	2,522	-	-	2,522	13,808	-	16,330
<u>8,385</u>	<u>25,011</u>	<u>7,118</u>	<u>6,261</u>	<u>54,281</u>	<u>13,808</u>	<u>94</u>	<u>68,183</u>
<u>4,483</u>	<u>3,854</u>	<u>112</u>	<u>1,412</u>	<u>12,901</u>	<u>978</u>	<u>(78)</u>	<u>13,801</u>
-	-	116	-	116	27	-	143
<u>(181)</u>	<u>(4,077)</u>	<u>-</u>	<u>-</u>	<u>(5,097)</u>	<u>-</u>	<u>(201)</u>	<u>(5,298)</u>
<u>(181)</u>	<u>(4,077)</u>	<u>116</u>	<u>-</u>	<u>(4,981)</u>	<u>27</u>	<u>(201)</u>	<u>(5,155)</u>
4,302	(223)	228	1,412	7,920	1,005	(279)	8,646
<u>20,378</u>	<u>25,855</u>	<u>108</u>	<u>12,839</u>	<u>70,456</u>	<u>21,653</u>	<u>279</u>	<u>92,388</u>
<u>24,680</u>	<u>25,632</u>	<u>336</u>	<u>14,251</u>	<u>78,376</u>	<u>22,658</u>	<u>-</u>	<u>101,034</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, 2007
(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	\$ -	-	-	-	-	-
Permits and licenses	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	6,230	5,934	(296)	94	97	3
Fines and forfeitures	-	-	-	-	-	-
Investment income	350	266	(84)	26	9	(17)
Change in fair value of investments	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>6,580</u>	<u>6,200</u>	<u>(380)</u>	<u>120</u>	<u>106</u>	<u>(14)</u>
EXPENDITURES:						
Current operating:						
Public safety	6,087	5,895	192	25	20	5
Judiciary	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Tourism	-	-	-	-	-	-
Development Authority	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total expenditures	<u>6,087</u>	<u>5,895</u>	<u>192</u>	<u>25</u>	<u>20</u>	<u>5</u>
Revenues in excess of (less than) expenditures	<u>493</u>	<u>305</u>	<u>(188)</u>	<u>95</u>	<u>86</u>	<u>(9)</u>
OTHER FINANCING SOURCES (USES):						
Working capital reserve	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other financing sources (uses), net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources in excess of (less than) expenditures and other financing uses	<u>493</u>	<u>305</u>	<u>(188)</u>	<u>95</u>	<u>86</u>	<u>(9)</u>
Fund balance allocation	(493)	-	493	(95)	-	95
Fund balances – January 1	<u>-</u>	<u>4,442</u>	<u>4,442</u>	<u>-</u>	<u>683</u>	<u>683</u>
Fund balances – December 31	<u>\$ -</u>	<u>4,747</u>	<u>4,747</u>	<u>-</u>	<u>769</u>	<u>769</u>

comprehensive annual financial report **07** **gwinnett**county

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)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	25	-	(25)	-	-	-
-	-	-	2,009	2,403	394	962	934	(28)
167	246	79	-	-	-	-	-	-
3	3	-	180	213	33	70	60	(10)
-	-	-	-	-	-	-	-	-
4	-	(4)	3	1	(2)	-	-	-
<u>174</u>	<u>249</u>	<u>75</u>	<u>2,217</u>	<u>2,617</u>	<u>400</u>	<u>1,032</u>	<u>994</u>	<u>(38)</u>
-	-	-	966	408	558	-	-	-
349	50	299	-	-	-	896	757	139
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	63	63	-
-	-	-	-	-	-	-	-	-
-	-	-	59	57	2	-	-	-
-	-	-	-	-	-	-	-	-
<u>349</u>	<u>50</u>	<u>299</u>	<u>1,025</u>	<u>465</u>	<u>560</u>	<u>959</u>	<u>820</u>	<u>139</u>
<u>(175)</u>	<u>199</u>	<u>374</u>	<u>1,192</u>	<u>2,152</u>	<u>960</u>	<u>73</u>	<u>174</u>	<u>101</u>
-	-	-	-	-	-	-	-	-
-	-	-	(552)	(552)	-	-	-	-
-	-	-	(552)	(552)	-	-	-	-
(175)	199	374	640	1,600	960	73	174	101
175	-	(175)	(640)	-	640	(73)	-	73
-	244	244	-	2,980	2,980	-	1,505	1,505
-	443	443	-	4,580	4,580	-	1,679	1,679

(continued)

**special revenue funds
schedule of revenues,
expenditures, and changes
in fund balance
in fund balance
budget and actual
(budget basis) – continued
year ended december 31, 2007
(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	75	79	4	245	255	10	11,500	12,305	805
Fines and forfeitures	0	-	(0)	-	-	-	-	-	-
Investment income	8	2	(6)	45	34	(11)	500	563	63
Miscellaneous	9	9	0	-	-	-	-	-	-
Total revenues	<u>92</u>	<u>90</u>	<u>(2)</u>	<u>290</u>	<u>289</u>	<u>(1)</u>	<u>12,000</u>	<u>12,868</u>	<u>868</u>
EXPENDITURES:									
Current operating:									
Public safety	142	111	31	-	-	-	9,224	8,385	839
Judiciary	-	-	-	201	154	47	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Tourism	-	-	-	-	-	-	-	-	-
Development Authority	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Total expenditures	<u>142</u>	<u>111</u>	<u>31</u>	<u>201</u>	<u>154</u>	<u>47</u>	<u>9,224</u>	<u>8,385</u>	<u>839</u>
Revenues in excess of (less than) expenditures	(50)	(21)	29	89	135	46	2,776	4,483	1,707
OTHER FINANCING SOURCES (USES):									
Working capital reserve	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(287)	(287)	-	(181)	(181)	-
Other financing sources (uses), net	-	-	-	(287)	(287)	-	(181)	(181)	-
Revenues and other financing sources in excess of (less than) expenditures and other financing uses	(50)	(21)	29	(198)	(152)	46	2,595	4,302	1,707
Fund balance allocation	50	-	(50)	198	-	(198)	(2,595)	-	2,595
Fund balances – January 1	-	226	226	-	1,196	1,196	-	20,378	20,378
Fund balances – December 31	<u>-</u>	<u>205</u>	<u>205</u>	<u>-</u>	<u>1,044</u>	<u>1,044</u>	<u>-</u>	<u>24,680</u>	<u>24,680</u>

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Recreation District			Tourism		
Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)
23,106	23,009	(97)	7,170	7,342	172
-	-	-	-	-	-
215	196	(19)	-	-	-
3,963	3,343	(620)	-	-	-
-	-	-	-	-	-
1,766	1,198	(568)	200	331	131
-	-	-	-	-	-
1,019	1,119	100	-	-	-
<u>30,069</u>	<u>28,865</u>	<u>(1,204)</u>	<u>7,370</u>	<u>7,673</u>	<u>303</u>
-	-	-	2	2	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
25,172	25,011	161	-	-	-
-	-	-	2,386	2,214	172
-	-	-	4,982	4,045	937
-	-	-	-	-	-
-	-	-	-	-	-
<u>25,172</u>	<u>25,011</u>	<u>161</u>	<u>7,370</u>	<u>6,261</u>	<u>1,109</u>
4,897	3,854	(1,043)	-	1,412	1,412
-	-	-	-	-	-
-	-	-	-	-	-
(4,077)	(4,077)	-	-	-	-
<u>(4,077)</u>	<u>(4,077)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
820	(223)	(1,043)	-	1,412	1,412
(820)	-	820	-	-	-
-	25,848	25,848	-	12,839	12,839
<u>-</u>	<u>25,625</u>	<u>25,625</u>	<u>-</u>	<u>14,251</u>	<u>14,251</u>

**capital projects funds
schedule of revenues,
expenditures, and
changes in fund balances
budget and actual
(budget basis)
year ended december 31, 2007
(in thousands of dollars)**

	1997 Sales Tax			2001 Sales Tax		
	Budget	Actual	Variance-positive (negative)	Budget	Actual	Variance-positive (negative)
REVENUES:						
Intergovernmental	\$ 20,956	3,287	(17,669)	13,431	3,213	(10,218)
Sale tax proceeds	-	-	-	(140)	-	140
Charges for services	-	-	-	-	-	-
Investment income	1,630	4,189	2,559	2,980	7,857	4,877
Miscellaneous	404	196	(208)	287	242	(45)
Total revenues	<u>22,990</u>	<u>7,672</u>	<u>(15,318)</u>	<u>16,558</u>	<u>11,312</u>	<u>(5,246)</u>
EXPENDITURES:						
Capital outlay	107,898	63,216	44,682	159,515	79,828	79,687
Total expenditures	<u>107,898</u>	<u>63,216</u>	<u>44,682</u>	<u>159,515</u>	<u>79,828</u>	<u>79,687</u>
Revenues in excess of (less than) expenditures	<u>(84,908)</u>	<u>(55,544)</u>	<u>29,364</u>	<u>(142,957)</u>	<u>(68,516)</u>	<u>74,441</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other financing sources (uses), net	-	-	-	-	-	-
Revenues and other financing sources in excess of (less than) expenditures and other financing uses	<u>(84,908)</u>	<u>(55,544)</u>	<u>29,364</u>	<u>(142,957)</u>	<u>(68,516)</u>	<u>74,441</u>
Fund balance allocation	84,908	-	(84,908)	142,957	-	(142,957)
Fund balances – January 1	-	89,714	89,714	-	169,677	169,677
Fund balances – December 31	<u>\$ -</u>	<u>34,170</u>	<u>34,170</u>	<u>\$ -</u>	<u>101,161</u>	<u>101,161</u>

comprehensive annual financial report **07** gwinnettcounty

2005 Sales Tax			2003 GOB Construction			Other Capital Projects		
Budget	Actual	Variance-positive (negative)	Budget	Actual	Variance-positive (negative)	Budget	Actual	Variance-positive (negative)
7,212	399	(6,813)	-	-	-	5,577	541	(5,036)
115,449	152,528	37,079	-	-	-	-	-	-
-	4	4	-	-	-	-	-	-
2,978	9,211	6,233	24	16	(8)	-	-	-
288	794	506	-	-	-	1,497	1,970	473
125,927	162,936	37,009	24	16	(8)	7,074	2,511	(4,563)
220,741	143,191	77,550	303	94	209	72,484	23,868	48,616
220,741	143,191	77,550	303	94	209	72,484	23,868	48,616
(94,814)	19,745	114,559	(279)	(78)	201	(65,410)	(21,357)	44,053
-	-	-	-	-	-	21,986	19,322	(2,664)
-	-	-	-	(201)	-	-	-	-
-	-	-	-	(201)	-	21,986	19,322	(2,664)
(94,814)	19,745	114,559	(279)	(279)	-	(43,424)	(2,035)	41,389
94,814	-	(94,814)	279	-	(279)	43,424	-	(43,424)
-	175,986	175,986	-	279	279	-	63,933	63,933
-	195,731	195,731	-	-	-	-	61,898	61,898

**debt service fund
schedule of revenues,
expenditures, and
changes in fund balance
budget and actual
(budget basis)
year ended december 31, 2007
(in thousands of dollars)**

REVENUES:

Taxes
Intergovernmental
Investment income
Miscellaneous
Total revenues

EXPENDITURES:

Current operating:
Debt service

Total expenditures

Revenues in excess of (less than) expenditures

Other Financing Sources (Uses)
Operating Transfers In
Operating Transfers Out
Other Financing Sources (Uses)

Revenue and other financing sources (less than) in excess
of expenditures and other financing uses

Fund balance allocation
Fund balance – January 1
Fund balance – December 31

Debt Service Fund			
	Budget	Actual (non-GAAP budget basis)	Variance-positive (negative)
\$	14,240	14,269	29
	125	115	(10)
	435	402	(33)
	-	-	-
	<u>14,800</u>	<u>14,786</u>	<u>(14)</u>
	<u>13,811</u>	<u>13,808</u>	<u>3</u>
	<u>13,811</u>	<u>13,808</u>	<u>3</u>
	989	978	(11)
	-	27	(27)
	-	-	-
	<u>-</u>	<u>27</u>	<u>(27)</u>
	989	1,005	(38)
	(989)	-	989
	<u>-</u>	<u>21,653</u>	<u>21,653</u>
\$	<u>-</u>	<u>22,658</u>	<u>22,658</u>

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

	Grant Fund		
	Budget	Actual (non-GAAP budget basis)	Variance-positive (negative)
REVENUES:			
Intergovernmental revenues	\$ 18,077	15,828	(2,249)
EXPENDITURES:			
Program expenditures	18,077	15,211	2,866
Revenues in excess of (less than) expenditures	-	617	617

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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, 2007
(in thousands of dollars)**

	Airport	Solid Waste	Transit	Total
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 2,481	5,942	9,682	18,105
Receivables, net of allowance:				
Accounts	66	47	24	137
Due from other governments	-	-	2,102	2,102
Total current assets	<u>2,547</u>	<u>5,989</u>	<u>11,808</u>	<u>20,344</u>
Noncurrent assets:				
Land and construction in progress	11,601	-	1,329	12,930
Other capital assets, net of depreciation	<u>12,390</u>	<u>71</u>	<u>13,888</u>	<u>26,349</u>
Total noncurrent assets	<u>23,991</u>	<u>71</u>	<u>15,217</u>	<u>39,279</u>
 Total assets	 <u>26,538</u>	 <u>6,060</u>	 <u>27,025</u>	 <u>59,623</u>
LIABILITIES:				
Current liabilities:				
Accounts payable	101	-	3,180	3,281
Payroll payable	11	-	11	22
Retainage payable	1	-	-	1
Accumulated leave benefits – current	<u>16</u>	<u>-</u>	<u>8</u>	<u>24</u>
Total current liabilities	<u>129</u>	<u>-</u>	<u>3,199</u>	<u>3,328</u>
 Total liabilities	 <u>129</u>	 <u>-</u>	 <u>3,199</u>	 <u>3,328</u>
NET ASSETS:				
Invested in capital assets, net of related debt	23,991	71	15,217	39,279
Unrestricted	<u>2,418</u>	<u>5,989</u>	<u>8,609</u>	<u>17,016</u>
Total net assets	<u>\$ 26,409</u>	<u>6,060</u>	<u>23,826</u>	<u>56,295</u>

**other enterprise funds
combining statement of
revenues, expenses, and
changes in fund net assets
year ended december 31, 2007
(in thousands of dollars)**

OPERATING REVENUES:

	<u>Airport</u>	<u>Solid Waste</u>	<u>Transit</u>	<u>Total</u>
Operating lease income and rental income from individual hangars	\$ 858	-	-	858
Intergovernmental	253	-	3,443	3,696
User fees and charges	-	-	3,035	3,035
Miscellaneous	-	928	215	1,143
Total operating revenues	<u>1,111</u>	<u>928</u>	<u>6,693</u>	<u>8,732</u>

OPERATING EXPENSES:

Depreciation	1,240	2	1,810	3,052
Transit operations	-	-	12,456	12,456
General and administrative	874	490	-	1,364
Total operating expenses	<u>2,114</u>	<u>492</u>	<u>14,266</u>	<u>16,872</u>

Operating income (loss)	<u>(1,003)</u>	<u>436</u>	<u>(7,573)</u>	<u>(8,140)</u>
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NON-OPERATING REVENUES (EXPENSES):

Interest income	<u>47</u>	<u>205</u>	<u>351</u>	<u>603</u>
Total non-operating revenues (expenses)	<u>47</u>	<u>205</u>	<u>351</u>	<u>603</u>

Income (loss) before transfers and contributions	<u>(956)</u>	<u>641</u>	<u>(7,222)</u>	<u>(7,537)</u>
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Transfers in	-	-	4,649	4,649
Transfers out	-	(182)	-	(182)

Change in net assets	<u>(956)</u>	<u>459</u>	<u>(2,573)</u>	<u>(3,070)</u>
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Net Assets – January 1	<u>27,365</u>	<u>5,601</u>	<u>26,399</u>	<u>59,365</u>
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Net Assets – December 31	<u>\$ 26,409</u>	<u>6,060</u>	<u>23,826</u>	<u>56,295</u>
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**other enterprise funds
combining statement
of cash flows
year ended december 31, 2007
(in thousands of dollars)**

	Airport	Solid Waste	Transit	Total
Cash flows from operating activities:				
Cash received from customers	\$ 1,677	881	4,974	7,532
Cash payments to suppliers for goods and services	(734)	(490)	(10,786)	(12,010)
Cash payments to employees for services	(287)	-	(300)	(587)
Net cash flows provided (required) by operating activities	<u>656</u>	<u>391</u>	<u>(6,112)</u>	<u>(5,065)</u>
Cash flows from noncapital financial activities:				
Transfers from other funds	-	-	4,649	4,649
Transfers (to) other funds	-	(182)	-	(182)
Net cash provided (required) by noncapital activities	<u>-</u>	<u>(182)</u>	<u>4,649</u>	<u>4,467</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(227)	-	-	(227)
Net cash required by capital and related financing activities	<u>(227)</u>	<u>-</u>	<u>-</u>	<u>(227)</u>
Cash flows from investing activities:				
Interest on investments	47	205	351	603
Net cash provided by investing activities	<u>47</u>	<u>205</u>	<u>351</u>	<u>603</u>
Net increase (decrease) in cash and cash equivalents	476	414	(1,112)	(222)
Cash and cash equivalents at beginning of year	2,005	5,528	10,794	18,327
Cash and cash equivalents at end of year	<u>\$ 2,481</u>	<u>5,942</u>	<u>9,682</u>	<u>18,105</u>
Reconciliation of operating income to net cash provided by operating activities:				
Cash flows from operating activities:				
Operating income (loss)	\$ (1,003)	436	(7,573)	(8,140)
Adjustments to reconcile operating income (loss) to net cash provided/ (required) by operating activities				
Depreciation	1,240	2	1,810	3,052
Change in assets and liabilities:				
(Increase) decrease in receivables	566	(47)	(1,719)	(1,200)
Increase (decrease) in payables	(147)	-	1,373	1,226
Increase (decrease) in other liabilities	-	-	(3)	(3)
Net cash provided/(required) by operating activities	<u>\$ 656</u>	<u>391</u>	<u>(6,112)</u>	<u>(5,065)</u>

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, 2007
(in thousands of dollars)**

	Group Insurance	Risk Management	Automotive Management and Service	Auto Liability Fund	Total
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ 35,251	29,601	23,709	1,461	90,022
Receivables, net of allowance:					
Accounts	-	299	53	-	352
Due from other funds	986	-	-	-	986
Due from other governments	-	-	2,083	-	2,083
Inventories	-	-	850	-	850
Prepaid assets	-	1	1	-	2
Total current assets	<u>36,237</u>	<u>29,901</u>	<u>26,696</u>	<u>1,461</u>	<u>94,295</u>
Other capital assets, net of depreciation	-	-	9,889	-	9,889
Total assets	<u>36,237</u>	<u>29,901</u>	<u>36,585</u>	<u>1,461</u>	<u>104,184</u>
LIABILITIES:					
Current liabilities:					
Accounts payable	1,547	818	2,657	244	5,266
Estimated claims payable-current	3,000	5,435	-	-	8,435
Total current liabilities	<u>4,547</u>	<u>6,253</u>	<u>2,657</u>	<u>244</u>	<u>13,701</u>
Estimated claims payable-noncurrent	-	2,730	-	-	2,730
Accumulated leave benefits	35	48	99	-	182
Total liabilities	<u>4,582</u>	<u>9,031</u>	<u>2,756</u>	<u>244</u>	<u>16,613</u>
NET ASSETS:					
Invested in capital assets, net of related debt	-	-	9,889	-	9,889
Unrestricted	31,655	20,870	23,940	1,217	77,682
Total net assets	<u>\$ 31,655</u>	<u>20,870</u>	<u>33,829</u>	<u>1,217</u>	<u>87,571</u>

**internal service funds
combining statement of
revenues, expenses, and
changes in fund net assets
year ended december 31, 2007
(in thousands of dollars)**

	Group Insurance	Risk Management	Automotive Management and Service	Auto Liability Fund	Total
OPERATING REVENUES:					
Charges to other funds	\$ 39,840	11,044	13,914	759	65,557
Employee contributions	7,282	-	-	-	7,282
Miscellaneous	61	-	515	-	576
Total operating revenues	<u>47,183</u>	<u>11,044</u>	<u>14,429</u>	<u>759</u>	<u>73,415</u>
OPERATING EXPENSES:					
Vehicle maintenance and repair	-	-	7,328	-	7,328
Benefit claims	31,135	1,288	-	623	33,046
Insurance premiums	4,032	2,687	-	-	6,719
Depreciation and amortization	-	-	3,589	-	3,589
General and administrative	12,386	1,961	-	8	14,355
Total operating expenses	<u>47,553</u>	<u>5,936</u>	<u>10,917</u>	<u>631</u>	<u>65,037</u>
Operating income (loss)	<u>(370)</u>	<u>5,108</u>	<u>3,512</u>	<u>128</u>	<u>8,378</u>
NONOPERATING REVENUES:					
Interest income	780	908	703	15	2,406
Investment income	5	-	-	-	5
Total nonoperating revenues	<u>785</u>	<u>908</u>	<u>703</u>	<u>15</u>	<u>2,411</u>
Change in net assets	415	6,016	4,215	143	10,789
Net assets – January 1	<u>31,240</u>	<u>14,854</u>	<u>29,614</u>	<u>1,074</u>	<u>76,782</u>
Net assets – December 31	<u>\$ 31,655</u>	<u>20,870</u>	<u>33,829</u>	<u>1,217</u>	<u>87,571</u>

**internal service funds
combining statement
of cash flows
year ended
december 31, 2007
(in thousands of dollars)**

	Group Insurance	Risk Management	Automotive Management and Service	Auto Liability	Total
Cash flows from operating activities:					
Cash received from customers	\$ 46,223	11,044	13,044	759	71,077
Cash payments to suppliers for goods and services	(6,019)	(711)	(4,018)	-	(10,527)
Cash payments to employees for services	(6,516)	(908)	(2,577)	(8)	(10,009)
Claims and premiums paid	(35,167)	(6,050)	-	(395)	(41,840)
Net cash flows provided (required) by operating activities	<u>(1,479)</u>	<u>3,375</u>	<u>6,449</u>	<u>356</u>	<u>8,701</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	-	-	(5,463)	-	(5,463)
Net cash required by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(5,463)</u>	<u>-</u>	<u>(5,463)</u>
Cash flows from investing activities:					
Net change in investment pools	3,080	-	-	-	3,080
Interest on investments	785	908	703	15	2,411
Net cash provided by investing activities	<u>3,865</u>	<u>908</u>	<u>703</u>	<u>15</u>	<u>5,491</u>
Net increase in cash and cash equivalents	2,386	4,283	1,689	371	8,729
Cash and cash equivalents at beginning of year	32,865	25,318	22,020	1,090	81,293
Cash and cash equivalents at end of year	<u>\$ 35,251</u>	<u>29,601</u>	<u>23,709</u>	<u>1,461</u>	<u>90,022</u>
Reconciliation of operating income to net cash provided by operating activities:					
Cash flows from operating activities:					
Operating income (loss)	\$ (370)	5,108	3,512	128	8,378
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation	-	-	3,589	-	3,589
Change in assets and liabilities:					
(Increase) decrease in receivables	(960)	1	(1,385)	-	(2,344)
(Increase) decrease in inventories	-	-	(403)	-	(403)
Increase (decrease) in payables	(152)	(1,738)	1,037	228	(625)
Increase (decrease) in other liabilities	3	4	99	-	106
Net cash provided by operating activities	<u>\$ (1,479)</u>	<u>3,375</u>	<u>6,449</u>	<u>356</u>	<u>8,701</u>

fiduciary funds

Trust Funds

- **Defined Benefit Pension Plan**

The County established the Gwinnett County Defined Benefit Plan, effective January 1, 2007, as a single-employer, locally-governed plan for the benefit of its employees and other eligible individuals as provided for in the Plan Document.

- **Other Post-Employment Benefit (OPEB) Plan**

The trust was established, effective January 1, 2007, by the Board of Commissioners to pre-fund medical and prescription drug benefits for retirees and other former employees (and their eligible dependents) who are eligible for such benefits under existing County policy.

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 Courts**

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.

pension (and other employee benefit) trust funds combining statement of plan net assets december 31, 2007 (in thousands of dollars)

	<u>Defined Benefit</u>	<u>OPEB</u>	<u>Total</u>
ASSETS:			
Cash and cash equivalents	\$ 19,865	825	20,690
Investments, at fair value:			
US governmental treasuries	83,525	2,904	86,429
US governmental agencies	34,832	1,211	36,043
Corporate bonds	39,124	1,360	40,484
Collateralized mortgage obligations	15,081	524	15,605
Corporate equities	216,685	7,535	224,220
International equities	50,867	1,769	52,636
Mutual funds invested in equities	19,394	674	20,068
	<u>459,508</u>	<u>15,977</u>	<u>475,485</u>
Securities lending collateral investment pool	69,013	2,399	71,412
Contributions receivable from employer	4,000	-	4,000
	<u>552,386</u>	<u>19,201</u>	<u>571,587</u>
LIABILITIES:			
Accounts payable	506	278	784
Due to other funds	-	986	986
Liability for securities lending agreement	69,013	2,399	71,412
Total liabilities	<u>69,519</u>	<u>3,663</u>	<u>73,182</u>
Net assets held in trust for pension and other employee benefits	\$ <u>482,867</u>	<u>15,538</u>	<u>498,405</u>

pension (and other employee benefit) trust funds combining statement of changes in plan net assets year ended december 31, 2007 (in thousands of dollars)

	Defined Benefit	OPEB	Total
ADDITIONS			
Contributions:			
Employer	\$ 35,914	21,714	57,628
Employee	10,086	2,256	12,342
Total contributions	<u>46,000</u>	<u>23,970</u>	<u>69,970</u>
Investment Income:			
Investment income	24,748	246	24,994
Securities lending income	86	3	89
Interest and dividends	8,609	221	8,830
	<u>33,443</u>	<u>470</u>	<u>33,913</u>
Less – investment expense	(2,460)	(46)	(2,506)
securities lending expense	(3)	-	(3)
Net investment income	<u>30,980</u>	<u>424</u>	<u>31,404</u>
Transfers from prior plan	432,219	-	432,219
Total additions	<u>509,199</u>	<u>24,394</u>	<u>533,593</u>
DEDUCTIONS			
Benefits paid	21,524	7,631	29,155
Refunds of contributions and transfers	4,419	-	4,419
Insurance premiums	-	333	333
Administrative expenses	389	892	1,281
Total deductions	<u>26,332</u>	<u>8,856</u>	<u>35,188</u>
Net increase	482,867	15,538	498,405
Net assets held in trust for pension and other employee benefits:			
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ 482,867</u>	<u>15,538</u>	<u>498,405</u>

**agency funds
combining statement of
fiduciary assets and liabilities
december 31, 2007
(in thousands of dollars)**

	<u>Tax Commissioner</u>	<u>Clerk of the Courts</u>	<u>Recorder's Court</u>	<u>Sheriff</u>	<u>Probate Court</u>	<u>Juvenile Court</u>	<u>Corrections</u>	<u>Total</u>
ASSETS:								
Cash and cash equivalents	\$ 10,321	21,242	1,222	658	102	171	59	33,775
Taxes receivable	<u>41,502</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,502</u>
Total	<u>\$ 51,823</u>	<u>21,242</u>	<u>1,222</u>	<u>658</u>	<u>102</u>	<u>171</u>	<u>59</u>	<u>75,277</u>
LIABILITIES:								
Due to others	\$ 51,823	21,242	1,222	658	102	171	59	75,277
Total	<u>\$ 51,823</u>	<u>21,242</u>	<u>1,222</u>	<u>658</u>	<u>102</u>	<u>171</u>	<u>59</u>	<u>75,277</u>

**agency funds
combining statement of
changes in fiduciary
assets and liabilities
year ended december 31, 2007
(in thousands of dollars)**

	Balance January 1, 2007	Additions	Deductions	Balance December 31, 2007
TAX COMMISSIONER:				
Cash and cash equivalents	\$ 13,354	655,319	658,352	10,321
Taxes receivable	32,883	300,844	292,225	41,502
Total	<u>\$ 46,237</u>	<u>956,163</u>	<u>950,577</u>	<u>51,823</u>
Due to others	<u>46,237</u>	<u>956,163</u>	<u>950,577</u>	<u>51,823</u>
CLERK OF COURTS:				
Cash and cash equivalents	\$ 26,448	68,259	73,465	21,242
Due to others	26,448	68,259	73,465	21,242
RECORDER'S COURT:				
Cash and cash equivalents	\$ 757	5,459	4,994	1,222
Due to others	757	5,459	4,994	1,222
SHERIFF:				
Cash and cash equivalents	\$ 808	11,777	11,927	658
Due to others	808	11,777	11,927	658
PROBATE COURT:				
Cash and cash equivalents	\$ 22	349	269	102
Due to others	22	349	269	102
JUVENILE COURT:				
Cash and cash equivalents	\$ 147	187	163	171
Due to others	147	187	163	171
CORRECTIONS:				
Cash and cash equivalents	\$ 52	646	639	59
Due to others	52	646	639	59
TOTAL:				
Cash and cash equivalents	\$ 41,588	741,996	749,809	33,775
Taxes receivable	32,883	300,844	292,225	41,502
Total	<u>\$ 74,471</u>	<u>1,042,840</u>	<u>1,042,034</u>	<u>75,277</u>
Due to others	<u>74,471</u>	<u>1,042,840</u>	<u>1,042,034</u>	<u>75,277</u>

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**statistical section
(unaudited)**

This part of Gwinnett County's comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time..... S1 – S5

Revenue Capacity

These schedules contain information to help the reader assess the County's most significant local revenue source, property tax..... S6 – S9

Debt Capacity

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.....S10 – S12

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.....S13 – S14

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.....S15 – S17

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports for the relevant year. The County implemented GASB Statement 34 for the year ended December 31, 2002; schedules presenting governmentwide information include information beginning in that year. Due to significant State of Georgia chart of account changes implemented in 2005, the County is only reporting comparable financial statement information back to 2004 in the Statistical Section.

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net assets by components – last four years (in thousands of dollars)
(accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
Governmental activities				
Invested in capital assets, net of related debt	\$ 1,293,946	1,398,909	1,580,183	1,822,598
Restricted	693,897	721,891	666,243	357,674
Unrestricted	219,465	225,746	238,235	470,710
Total governmental activities net assets	\$ 2,207,308	2,346,546	2,484,661	2,650,982
Business-type activities				
Invested in capital assets, net of related debt	\$ 1,970,986	2,155,024	2,257,189	2,517,483
Restricted	24,989	26,364	25,083	25,199
Unrestricted	132,682	154,556	202,403	60,611
Total business-type activities net assets	\$ 2,128,657	2,335,944	2,484,675	2,603,293
Primary government				
Invested in capital assets, net of related debt	\$ 3,264,932	3,553,933	3,837,372	4,340,081
Restricted	718,886	748,255	691,326	382,873
Unrestricted	352,147	380,302	440,638	531,321
Total primary activities net assets	\$ 4,335,965	\$4,682,490	\$4,969,336	\$5,254,275

changes in net assets – last four years (in thousands of dollars) (accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
Expenses				
Governmental activities:				
General government	\$ 60,789	65,846	72,728	74,921
Public safety	137,822	142,928	154,775	173,779
Judiciary	84,978	89,671	105,891	113,633
Public works	52,965	74,006	106,270	82,898
Health and welfare	11,328	7,495	7,408	12,640
Culture and recreation	39,166	44,069	54,967	57,032
Housing and development	16,845	17,244	15,004	18,247
Tourism	4,476	1,940	2,208	2,214
Development authority	2,169	2,182	2,251	2,580
Miscellaneous	3,536	4,676	-	-
Interest on long-term debt	3,794	2,397	2,128	4,263
Total governmental activities	\$ 417,868	452,454	523,630	542,207
Business-type activities:				
Water and sewer	\$ 144,853	156,557	172,985	197,612
Airport	1,490	1,716	1,940	2,103
Solid waste	524	347	425	489
Storm water	20,959	22,617	24,728	25,455
Transit	11,391	13,719	12,375	14,184
Total business-type activities	\$ 179,217	194,956	212,453	239,843
Total primary government expenses	\$ 597,085	647,410	736,083	782,050
Program revenues				
Governmental activities:				
Charges for services:				
General government	\$ 44,357	33,725	30,991	22,340
Public safety	15,706	18,502	21,158	22,940
Judiciary	24,007	22,912	24,744	27,145
Public works	126	5,837	5,974	6,084
Health and welfare	-	67	-	-
Culture and recreation	3,542	3,651	2,895	3,368
Housing and development	-	9,091	8,866	6,145
Operating grants and contributions	14,711	13,231	17,039	15,866
Capital grants and contributions	18,886	18,246	17,726	24,611
Total governmental activities program revenues	\$ 121,335	125,262	129,393	128,499

continued...

changes in net assets – last four years (in thousands of dollars) (accrual basis of accounting) – *continued*

	Fiscal Year			
	2004	2005	2006	2007
Business-type activities:				
Charges for services:				
Water and sewer	\$ 164,700	178,105	185,505	202,960
Airport	739	626	628	858
Solid waste	724	-	-	-
Stormwater	1,080	991	8,694	16,045
Transit	1,874	2,551	3,505	3,035
Operating grants and contributions	-	-	2,506	4,212
Capital grants and contributions	138,547	191,836	124,225	113,894
Total business-type activities program revenues	\$ 307,664	374,109	325,063	341,004
Total primary government program revenues	\$ 428,999	499,371	454,456	469,503
Net (expense)/revenue				
Governmental activities	\$ (296,533)	(327,192)	(394,237)	(413,708)
Business-type activities	128,447	179,153	112,610	101,161
Total primary government net expense	\$ (168,086)	(148,039)	(281,627)	(312,547)
General revenues and other changes in net assets				
Governmental activities:				
Taxes:				
Property taxes	\$ 259,363	277,441	304,215	328,612
Sales taxes	131,831	140,972	155,941	152,528
Other taxes	37,639	39,576	40,239	56,215
Investment income	12,768	24,561	41,055	42,626
Miscellaneous	6,866	3,735	6,077	5,386
Transfers	(22,520)	(19,855)	(15,175)	(5,338)
Total governmental activities	\$ 425,947	466,430	532,352	580,029
Business-type activities:				
Investment income	\$ 2,782	5,694	13,642	7,426
Miscellaneous	1,929	2,585	7,304	4,693
Transfers	22,520	19,855	15,175	5,338
Total business-type activities	\$ 27,231	28,134	36,121	17,457
Total primary government	\$ 453,178	494,564	568,473	597,486
Change in net assets				
Governmental activities	\$ 129,414	139,238	138,115	166,321
Business-type activities	155,678	207,287	148,731	118,618
Total primary government	\$ 285,092	346,525	286,846	284,939

fund balances, governmental funds – last four years (in thousands of dollars)
(modified accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
General fund				
Reserved	\$ 4,354	2,801	3,915	3,848
Unreserved	96,525	130,340	144,441	148,220
Total General fund	\$ 100,879	133,141	148,356	152,068
All other governmental funds				
Reserved	\$ 136,534	15,311	15,971	21,376
Unreserved, reported in				
Special revenue funds	107,373	60,145	67,022	69,300
Capital project funds	478,856	576,961	502,020	397,465
Debt service funds	22,342	9,110	9,550	10,394
Total all other governmental funds	745,105	661,527	594,563	498,535
Total	\$ 845,984	794,668	742,919	650,603

⁽¹⁾ Starting in 2005, the County no longer carried forward encumbrances from the prior year.

changes in fund balances, governmental funds – last four years (in thousands of dollars) (modified accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
Revenues:				
Taxes	\$ 435,619	442,762	504,733	534,320
Permits and licenses	25,525	22,590	23,990	11,072
Intergovernmental	20,080	17,619	20,289	18,981
Charges for services	45,234	55,775	57,112	62,909
Fines and forfeitures	12,483	12,345	13,526	14,049
Investment income	11,684	22,716	38,354	40,214
Miscellaneous	6,866	6,261	7,022	7,759
Total revenues	\$ 557,491	580,068	665,026	689,304
Expenditures:				
General government	\$ 45,510	58,117	58,879	74,823
Public Safety	130,889	138,885	145,864	160,829
Judiciary	80,716	92,058	105,055	110,023
Public works	19,424	20,056	21,988	22,866
Health and welfare	6,292	7,560	7,589	12,566
Culture and recreation	35,442	38,591	42,416	42,615
Housing and development	11,344	11,907	11,426	13,095
Miscellaneous	4,202	551	799	-
Tourism	2,000	1,940	2,208	2,214
Development authority	2,169	2,182	3,656	4,045
Grant programs	7,545	6,620	5,622	6,042
Capital outlay	146,382	219,291	282,219	311,565
Debt service				
Principal	9,360	9,565	9,845	12,251
Interest	4,448	4,203	3,946	4,079
Total expenditures	\$ 505,723	611,526	701,512	777,013
Excess of revenues over expenditures	\$ 51,768	(31,458)	(36,486)	(87,709)
Other financing sources/(uses)				
Transfer in	30,061	31,040	18,399	20,922
Transfer out	(52,581)	(50,895)	(33,662)	(25,529)
Total other financing sources/(uses)	\$ (22,520)	(19,855)	(15,263)	(4,607)
Net change in fund balance	\$ 29,248	(51,313)	(51,749)	(92,316)
Debt service as a percentage of noncapital expenditures	4.0%	3.6%	3.3%	3.5%

assessed value and estimated value of taxable property – last 10 fiscal years

Fiscal Year Ended Dec. 31,	Real Property			Personal Property		Less: Tax Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate	Total Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Other Real Property	Motor Vehicle	Other ⁽¹⁾					
1998	\$6,622,333,600	3,352,191,510	359,090,785	1,379,531,000	2,775,909,300	2,122,504,040	12,366,552,155	9.40	30,916,380,388	40%
1999	8,037,117,550	4,350,715,310	484,595,006	1,571,845,000	2,914,439,870	2,202,539,144	15,156,173,592	8.65	37,890,433,980	40%
2000	8,912,373,190	4,687,224,730	499,491,093	1,615,512,400	3,188,516,070	2,399,557,441	16,503,560,042	8.48	41,258,900,105	40%
2001	10,146,911,360	5,108,960,180	525,092,726	1,786,903,697	3,360,854,830	3,056,514,672	17,872,208,121	8.43	44,680,520,303	40%
2002	11,749,613,060	5,440,409,120	603,199,160	1,919,245,700	3,159,759,660	3,444,303,347	19,427,923,353	8.30	48,569,808,383	40%
2003	13,055,804,380	5,637,445,160	641,260,167	1,958,612,800	3,085,229,010	3,785,724,988	20,592,626,529	8.29	51,481,566,323	40%
2004	14,445,717,520	5,856,853,840	657,607,367	1,960,787,080	2,969,656,260	4,184,612,558	21,706,009,509	8.27	54,265,023,773	40%
2005	15,476,738,817	6,136,046,299	675,505,950	1,935,290,900	3,177,314,281	4,258,466,874	23,142,429,373	10.14	57,856,073,433	40%
2006	17,138,866,772	6,912,104,174	636,083,282	1,894,747,650	3,364,490,860	4,773,455,867	25,172,836,871	10.00	62,932,092,178	40%
2007	19,110,676,313	7,620,660,544	711,286,124	2,100,293,790	3,553,418,546	5,521,193,379	27,575,141,938	9.81	68,937,854,845	40%

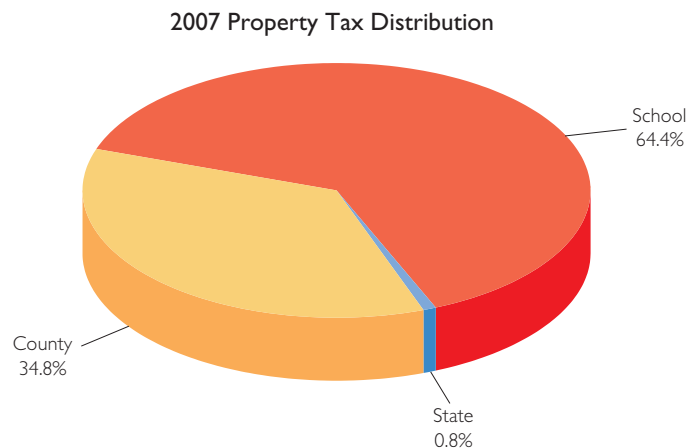
Source: General Fund Information from Gwinnett County Budget Division and Gwinnett County Tax Commissioner

(1) Includes mobile homes

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

Jurisdiction:	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
County										
Maintenance and Operations:										
Unincorporated	9.40	8.65	8.48	8.43	8.30	8.29	8.27	10.14	10.00	9.81
Municipalities	9.40	8.65	8.48	8.43	8.30	8.29	8.27	10.14	10.00	9.81
Debt Service	0.75	0.60	0.57	0.30	0.30	0.49	0.49	0.49	0.48	0.47
Fire Protection	2.30	2.10	2.06	1.90	1.87	1.87	1.87	-	-	-
Recreation	1.00	0.90	0.88	0.86	0.85	0.85	0.84	0.84	0.82	0.80
Total County – Unincorporated	13.45	12.25	11.99	11.49	11.32	11.50	11.47	11.47	11.30	11.08
Total County – Municipalities	13.45	12.25	11.99	11.49	11.32	11.50	11.47	11.47	11.30	11.08
School										
Maintenance and Operations	18.10	17.45	17.12	18.62	18.62	18.87	18.87	19.25	19.25	19.25
Debt Service	2.65	2.30	2.05	1.80	1.68	1.43	1.43	1.30	1.30	1.30
Total School	20.75	19.75	19.17	20.42	20.30	20.30	20.30	20.55	20.55	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	34.45	32.25	31.41	32.16	31.87	32.05	32.02	32.27	32.10	31.88
Total Municipalities	34.45	32.25	31.41	32.16	31.87	32.05	32.02	32.27	32.10	31.88

Source: Budget Division – Tax Levy Resolution



principal property tax payers – current year and nine years ago

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
AT&T Communications	\$136,554,000	1	0.46%	\$96,716,787	1	0.79%
Publix	112,863,747	2	0.38%	-	-	0.26%
Wal-Mart	112,057,860	3	0.37%	-	-	-
Georgia Power	107,709,140	4	0.36%	63,111,154	4	0.52%
Mall of Georgia LLC	89,551,066	5	0.30%	-	-	-
Scientific Atlanta Inc.	66,983,010	6	0.22%	90,411,740	2	0.74%
Jackson EMC	63,804,380	7	0.21%	-	-	-
Fourth QTR Prop LLC	53,383,800	8	0.18%	-	-	-
Inland Southeast	49,489,880	9	0.17%			
Sugarloaf Properties	46,000,000	10	0.15%			
Tech Data Corp.				46,692,530	5	0.38%
Atlanta Gas Light				34,718,515	9	0.28%
Lucent Technologies				82,559,400	3	0.68%
Gwinnett Place Assoc.				36,194,100	7	0.30%
Merry Land & Invest.				33,373,560	10	0.27%
McKesson Corp.				35,569,230	8	0.29%
Media One Inc.				37,485,300	6	0.31%

Source: 1) The final tax digest dated 02.23.2008 which is the state certified digest updated with additional adjustments made during the year. 2) Report provided by the Tax Assessor's Office.

property tax levies and collections – last 10 fiscal years

Fiscal Year Ended Dec. 31,	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1998	\$ 389,395,011	372,338,763	95.6%	16,914,167	389,252,930	100.0%
1999	439,596,076	420,617,062	95.7%	17,977,059	438,594,121	99.8%
2000	469,782,685	439,177,664	93.5%	26,667,004	465,844,668	99.2%
2001	516,747,258	494,905,780	95.8%	21,024,377	515,930,157	99.8%
2002	561,259,424	525,108,967	93.6%	29,897,090	555,006,057	98.9%
2003	599,467,566	570,046,324	95.1%	27,841,306	597,887,630	99.7%
2004	639,362,922	623,423,054	97.5%	12,647,854	636,070,908	99.5%
2005	691,285,180	632,855,849	91.5%	55,973,942	688,829,791	99.6%
2006	761,129,255	712,381,318	93.6%	41,564,592	753,945,910	99.1%
2007	833,919,017	781,880,719	93.8%	-	781,880,719	93.8%

(1) Reflects original digest net of all digest corrections to date.

ratios of outstanding debt by type – last 10 years (in thousands of dollars except population and net-bonded debt per capita)

Fiscal Year Ended Dec. 31,	Population	Governmental Activities						Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
		Gwinnett County General Obligation Debt						Water & Sewer Bonds	Certificates of Participation			
		Gross General Obligation Bonds	Less: Debt Service Fund Balance	Net General Obligation Bonds	Percentage of Assessed Property Value	Per Capita	Revenue Bonds					
1998	540,954	80,440	13,630	66,810	0.55%	123.50	24,585	417,442	44,941	553,778	3.65%	1,023.71
1999	567,569	75,680	15,563	60,117	0.37%	105.92	23,035	460,744	37,762	581,658	3.44%	1,024.82
2000	596,435	70,660	18,091	52,569	0.29%	88.14	19,035	450,825	30,144	552,573	3.02%	926.46
2001	622,512	65,360	16,387	48,973	0.25%	78.67	17,585	439,519	22,046	528,123	2.66%	848.37
2002	646,313	61,740	15,271	46,469	0.22%	71.90	16,055	551,791	-	614,315	2.95%	950.49
2003	668,968	135,325	21,626	113,699	0.51%	169.96	14,440	743,852	-	871,991	3.99%	1,303.49
2004	694,941	125,965	22,342	103,623	0.45%	149.11	12,725	842,346	-	958,694	4.54%	1,379.53
2005	719,928	116,400	21,003	95,397	0.39%	132.51	10,915	829,895	-	936,207	4.26%	1,300.42
2006	749,836	106,555	21,653	84,902	0.34%	113.28	8,990	810,200	-	904,092	N/A	1,194.15
2007	776,347	96,350	22,658	73,692	0.27%	94.92	6,945	784,419	-	865,056	N/A	1,114.26

Source: Population and personal income from demographic and economic statistics; Debt information from CAFR Financial Statements and Note 8 to Financial Statements.

legal debt margin information – last 10 fiscal years (in thousands of dollars)

	Fiscal Year Ended December 31,									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt limit	1,236,655	1,515,617	1,650,356	1,787,221	1,942,792	2,059,263	2,170,601	2,314,243	2,517,284	2,757,514
Total net debt applicable to limit	66,810	60,117	52,569	48,973	46,469	113,699	103,623	95,397	84,902	73,692
Legal debt margin	1,169,845	1,455,500	1,597,787	1,738,248	1,896,323	1,945,564	2,066,978	2,218,846	2,432,382	\$ 2,683,822
Total net debt applicable to the limit as a percentage of debt limit	5.4%	4.0%	3.2%	2.7%	2.4%	5.5%	4.8%	4.1%	3.4%	2.7%

Legal debt margin calculation for fiscal year 2007

Assessed value	\$ 27,575,142
Debt limit (10%) of assessed value	2,757,514
Debt applicable to limit	
General obligation bonds	96,350
Less: amount set aside for repayment of general obligation debt	22,658
Total net debt applicable to limit	73,692
Legal debt margin	\$ 2,683,822

pledged-revenue coverage – last 10 fiscal years (in thousands of dollars)

Fiscal Year	Utility Service Charges	Less: ⁽¹⁾ Operating Expenses	Plus: Investment Income and Other ⁽²⁾	Net Revenue Available	Debt Service			Coverage	Required Coverage
					Principal	Interest	Total		
1998	118,751	45,278	17,883	91,356	-	-	33,532	2.72	1.2
1999	139,593	48,983	15,133	105,743	16,705	21,892	38,597	2.74	1.2
2000	145,731	53,400	17,296	109,627	21,180	22,895	44,075	2.49	1.2
2001	153,434	63,184	16,367	106,617	22,400	21,661	44,061	2.42	1.2
2002	154,746	75,061	12,721	92,406	23,685	20,342	44,027	2.10	1.2
2003	158,733	79,045	4,839	84,527	25,100	29,715	54,815	1.54	1.2
2004	166,393	80,163	2,275	88,505	26,465	33,216	59,681	1.48	1.2
2005	179,567	84,381	4,573	99,759	27,710	30,859	58,569	1.70	1.2
2006	192,824	85,313	12,115	119,626	28,970	30,977	59,947	2.00	1.2
2007	206,450	94,813	6,158	117,795	30,845	29,925	60,770	1.94	1.2

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

demographic and economic statistics – last 10 fiscal years

Year	Population ⁽¹⁾	Personal Income (amounts expressed in thousands) ⁽²⁾	Per Capita Personal Income ⁽³⁾	Unemployment Rate ⁽⁴⁾
1998	540,954	15,608,697	28,854	2.5%
1999	567,435	17,101,023	30,130	2.2%
2000	596,659	19,007,976	31,869	2.7%
2001	622,512	19,507,705	31,337	3.3%
2002	646,313	19,529,548	30,217	4.5%
2003	668,968	20,078,025	30,013	4.3%
2004	694,941	21,015,718	30,241	4.2%
2005	719,928	22,823,599	31,703	4.6%
2006	749,836	24,226,751	32,309	4.1%
2007	776,347	N/A	N/A	3.8%

Source: (1) Census data adjusted annually; 2007 data source – Economic Analysis Division; (2) and (3) Local Area Personal Income, Regional Economic Accounts, Bureau of Economic Analysis, and US Department of Commerce data from April 2008 for 1998 – 2006; (4) Georgia Department of Labor

principal employers – current year and nine years ago

Employer	2007			1998		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Gwinnett County Public Schools	20,359	1	4.8%	11,239	1	3.6%
Gwinnett County Government	4,893	2	1.2%	3,091	4	1.0%
Promina Gwinnett Health System	4,300	3	1.0%	2,400	5	0.8%
Wal-Mart	3,714	4	0.9%			
Publix Supermarkets	3,474	5	0.8%			
US Post Office	2,286	6	0.5%			
State of Georgia	2,101	7	0.5%			
Kroger Company	2,020	8	0.5%	1,920	8	0.6%
Scientific Atlanta	1,838	9	0.4%	3,375	3	1.1%
Primerica Financial Services	1,658	10	0.4%	1,550	7	0.5%
Lucent Technologies				3,500	2	1.1%
CIBA-Vision Corporation				1,600	6	0.5%
Motorola Energy Products Division				1,400	8	0.5%
IKON Office Solutions				1,300	9	0.4%
Boeing North America				1,200	10	0.4%

Source: Gwinnett County Department of Financial Services,
 1998 principal employers obtained from page I-3 of the 1999 Gwinnett County Budget Document
 Total County Employment from the Georgia Department of Labor, 2007 and 1998 Annual.

full-time equivalent county employees by function – last 10 fiscal years

Function	Fiscal Year Ended December 31,									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General government	503	499	511	523	535	567	558	571	575	575
Public safety:										
Police	684	704	724	762	766	810	857	927	951	1,048
Fire	542	560	583	610	617	637	654	674	713	766
Corrections	79	82	121	121	122	127	139	141	142	142
Sheriff	346	357	369	390	394	421	429	540	621	688
Judiciary	308	317	318	343	359	379	382	400	415	451
Transportation	206	168	170	173	173	177	178	179	179	177
Community services	187	189	190	194	200	207	218	230	241	269
Water resources	466	519	536	556	561	584	598	600	606	623
Planning and development	121	130	131	132	132	137	139	143	143	154
Total	3,442	3,525	3,653	3,804	3,859	4,046	4,152	4,405	4,586	4,893

Source: Department of Financial Services, Budget Division

operating indicators by function – last 10 years

Function	Fiscal Year Ended December 31,									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police										
General calls	212,030	224,757	276,372	302,040	319,121	331,035	359,362	373,813	360,690	466,762
Traffic calls	66,493	96,206	143,237	141,619	155,861	147,819	159,754	140,657	149,291	184,076
Officers/1,000 population	0.89	0.91	0.84	0.84	0.80	0.83	0.85	0.86	0.99	1.06
Fire										
Calls answered	N/A	N/A	35,865	39,208	38,403	42,046	47,343	56,377	61,886	64,541
Inspections	N/A	11,432	12,009	12,649	11,263	9,534	12,480	12,355	12,406	10,017
Transportation										
Street resurfacing(miles)	118	119	111	115	123	115	113	115	110	85
Parks and recreation										
Classes/programs/camps/ events	1,773	4,081	3,992	2,898	4,423	4,556	4,692	4,803	4,643	5,616
Number of facility & pavilion rentals	1,378	1,232	1,246	1,870	1,905	1,846	2,842	3,801	4,457	6,073
Number of pool admissions & passes	198,360	230,127	226,689	285,729	335,115	339,998	394,596	415,242	400,014	445,000
Number of senior citizens one way passenger trips	36,536	32,001	34,083	32,672	29,282	32,904	37,967	32,374	38,232	39,687
Water										
Plant capacity (mgd)	150	150	150	150	150	150	225	225	225	225
Average daily consumption (mgd)	79.9	86.6	85.2	85.4	83.4	76.0	82.6	80.7	87.4	86.9
Maximum daily pumpage (mgd)	117.9	137.4	142.6	120.2	122.5	106.0	112.8	113.3	129.8	126.3
Water meters installed	8,865	8,480	9,359	10,070	9,118	8,538	8,707	8,773	7,290	4,705
Miles of water mains installed	98	100	109	154	100	81	65	94	94	81
Number of customers	158,129	167,527	174,848	185,236	195,320	203,657	211,723	220,856	230,752	234,447
Sewer										
Average annual daily flow (mgd)	38	38	42	45	47	50	51	52	51	49
Number of customers	79,720	87,825	95,532	104,382	113,336	120,967	128,121	135,311	138,284	141,807
Miles of sewer mains installed	82	104	119	120	108	74	125	159	111	116
Transit										
Total passengers	-	-	-	28,000	300,000	985,566	1,571,434	1,858,670	1,917,854	1,937,832

Source: County operating departments

capital asset statistics by function – last 10 years

Function	Fiscal Year Ended December 31,									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police precincts/stations	7	8	8	8	8	9	9	10	10	12
Fire stations	20	21	22	23	23	24	24	25	26	27
Transportation										
Miles County-maintained roads	2,100	2,156	2,227	2,260	2,389	2,464	2,464	2,650	2,700	2,750
Streetlights maintained	25,500	29,070	32,336	35,000	35,500	39,734	41,953	45,000	46,421	47,637
Traffic signals maintained	427	465	492	540	545	570	590	610	612	626
Parks and recreation										
Acreage total	3,162	3,623	3,890	5,225	7,336	7,572	7,781	8,062	8,247	8,602
Swimming pool sites	6	6	6	8	8	8	11	11	12	14
Baseball fields	69	69	80	80	83	83	91	93	102	102
Soccer fields	22	22	22	22	22	22	26	26	26	26
Tennis courts	31	31	34	34	34	34	35	39	41	43
Playgrounds	15	15	22	26	26	30	32	35	36	42
Libraries	9	10	10	10	11	11	11	12	14	14
Library circulation	4,692,967	5,158,149	5,158,149	5,568,742	5,714,056	6,100,381	6,172,537	6,376,188	6,158,664	6,491,745
Water										
Miles of water mains	2,522	2,622	2,732	2,863	2,982	3,056	3,121	3,215	3,300	3,346
Fire hydrants	25,757	27,256	28,187	29,708	31,144	34,841	35,515	37,484	38,916	40,038
Raw water storage (mgd)	37	37	37	37	37	37	45	45	45	45
Sewer										
Miles of sewer mains	1,575	1,678	1,797	1,917	2,010	2,084	2,210	2,368	2,480	2,595
Miles of storm sewers										
Treatment capacity (mgd)	48.1	48.1	48.1	64.1	64.1	64.1	64.1	64.1	71.6	71.6
Transit buses	-	-	-	14	35	63	63	63	67	67

Source: County operating departments

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Schedule of Expenditures of Federal, State, and Local Awards – Year ended December 31, 2007

Title	Federal CFDA Number	Grantor Program Number	Fund Agency Org	Program Period		Funding Source	
						Federal	State/Local
U.S. Department of Agriculture							
Watershed Protection and Flood Prevention	10.904	69-4310-3-138	NRCS-2003	29-Sep-03	31-Dec-08	Department of Agriculture	Natural Resource Conservation Service
SUBTOTAL							
TOTAL U.S. DEPARTMENT OF AGRICULTURE							
U.S. Department of Housing and Urban Development							
Community Development Block Grants/Entitlement Grants	14.218	B-02-UC-13-0004	CDBG-2002	01-Jan-02	31-Dec-08	Department of Housing and Urban Development	
Community Development Block Grants/Entitlement Grants	14.218	B-03-UC-13-0004	CDBG-2003	01-Jan-03	31-Dec-08	Department of Housing and Urban Development	
Community Development Block Grants/Entitlement Grants	14.218	B-04-UC-13-0004	CDBG-2004	01-Jan-04	01-Jan-09	Department of Housing and Urban Development	
Community Development Block Grants/Entitlement Grants	14.218	B-05-UC-13-0004	CDBG-2005	01-Jan-05	01-Jan-10	Department of Housing and Urban Development	
Community Development Block Grants/Entitlement Grants	14.218	B-06-UC-13-0004	CDBG-2006	01-Jan-06	31-Dec-11	Department of Housing and Urban Development	
Community Development Block Grants/Entitlement Grants	14.218	B-07-UC-13-0004	CDBG-2007	01-Jan-07	31-Dec-12	Department of Housing and Urban Development	
SUBTOTAL							
Emergency Shelter Grants Program	14.231	S-06-UC-13-0011	ES-2006	01-Jan-06	31-Dec-07	Department of Housing and Urban Development	
Emergency Shelter Grants Program	14.231	S-07-UC-13-0011	ES-2007	01-Jan-07	31-Dec-08	Department of Housing and Urban Development	
SUBTOTAL							
HOME Investment Partnerships Program	14.239	M-03-UC-13-0201	HOME-2003	01-Jan-03	31-Dec-08	Department of Housing and Urban Development	
HOME Investment Partnerships Program	14.239	M-04-UC-13-0201	HOME-2004	01-Jan-04	31-Dec-09	Department of Housing and Urban Development	
HOME Investment Partnerships Program	14.239	M-05-UC-13-0201	HOME-2005	01-Jan-05	31-Dec-10	Department of Housing and Urban Development	
HOME Investment Partnerships Program	14.239	M-06-UC-13-0201	HOME-2006	01-Jan-06	01-Jan-11	Department of Housing and Urban Development	
HOME Investment Partnerships Program	14.239	M-07-UC-13-0201	HOME-2007	01-Jan-07	01-Jan-12	Department of Housing and Urban Development	
SUBTOTAL							
TOTAL U.S. DEPT. OF HOUSING AND URBAN DEV.							
U.S. Department of the Interior							
Outdoor Recreation – Acquisition, Development, and Planning	15.916	13-00880	GADNR-2005	31-Dec-05	31-Dec-07	Department of the Interior	Department of Natural Resources
SUBTOTAL							
TOTAL U.S. DEPARTMENT OF THE INTERIOR							

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Program or Award Amount	2008						Total
	Federal		State		Local		
	Expenditures	Revenues	Expenditures	Revenues	Expenditures	Revenues	
\$4,700,000.00	\$2,107,629	\$1,804,614					\$2,107,629
	\$2,107,629	\$1,804,614	\$0	\$0	\$0	\$0	\$2,107,629
	\$2,107,629	\$1,804,614	\$0	\$0	\$0	\$0	\$2,107,629
\$2,953,000.00	\$60,922	\$80,970					\$60,922
\$4,744,000.00	\$13,492	\$13,492					\$13,492
\$4,827,000.00	\$162,297	\$162,297					\$162,297
\$4,615,969.00	\$385,522	\$415,154					\$385,522
\$4,200,238.00	\$964,808	\$1,083,436				(\$25)	\$964,808
\$4,225,356.00	\$366,082	\$1,748,100			\$67,450	\$67,450	\$433,531
	\$1,953,123	\$3,503,450	\$0	\$0	\$67,450	\$67,425	\$2,020,573
\$177,543.00	\$57,946	\$57,946					\$57,946
\$181,157.00	\$65,701	\$65,701					\$65,701
	\$123,647	\$123,647	\$0	\$0	\$0	\$0	\$123,647
\$1,620,057.00	\$48,205	\$48,205					\$48,205
\$1,744,830.00	\$223,693	\$223,693					\$223,693
\$1,644,910.00	\$1,076,772	\$1,076,772					\$1,076,772
\$1,520,842.00	\$563,228	\$563,228			\$158,754		\$721,982
\$1,505,692.00	\$11,079	\$11,079			\$85,510	\$85,510	\$96,589
	\$1,922,977	\$1,922,977	\$0	\$0	\$244,264	\$85,510	\$2,167,241
	\$3,999,747	\$5,550,073	\$0	\$0	\$311,714	\$152,935	\$4,311,461
\$100,000.00	\$100,000	\$100,000					\$100,000
	\$100,000	\$100,000	\$0	\$0	\$0	\$0	\$100,000
	\$100,000	\$100,000	\$0	\$0	\$0	\$0	\$100,000

continued...

Schedule of Expenditures of Federal, State, and Local Awards – Year ended December 31, 2007

Title	Federal CFDA Number	Grantor Program Number	Fund Agency Org	Program Period		Funding Source	
						Federal	State/Local
U.S. Department of Justice							
Juvenile Accountability Incentive Block Grant	16.523	04B-ST-0001	POS-2006	01-Oct-06	30-Sep-07	Department of Justice	Council of Juvenile Court Judges of Georgia
Juvenile Accountability Incentive Block Grant	16.523	05B-ST-0001	CJCJ-07(POS)	01-Oct-07	30-Sep-08	Department of Justice	Council of Juvenile Court Judges of Georgia
SUBTOTAL							
Crime Victims Assistance	16.575	C06-8-067	VW06	01-Oct-06	30-Sep-07	Department of Justice	Criminal Justice Coordinating Council
Crime Victims Assistance	16.575	C07-8-059	CJCC-07(VOCA)	01-Oct-07	30-Sep-08	Department of Justice	Criminal Justice Coordinating Council
SUBTOTAL							
Edward Byrne Memorial Formula Grant Program	16.579	2006-DJ-BX-0043	DC-2006	01-Jul-06	30-Jun-07	Department of Justice	Criminal Justice Coordinating Council
Edward Byrne Memorial Formula Grant Program	16.579	2007-DJ-BX-0092	DC-2007	01-Jul-07	30-Jun-08	Department of Justice	Criminal Justice Coordinating Council
SUBTOTAL							
Violence Against Women Formula Grants	16.588	W04-8-009	STOP-2004	01-Jan-05	31-Oct-07	Department of Justice	Criminal Justice Coordinating Council
Violence Against Women Formula Grants	16.588	W05-8-056	STOP-2006	01-Jan-06	31-Dec-06	Department of Justice	Criminal Justice Coordinating Council
Violence Against Women Formula Grants	16.588	W06-8-031	CJCC-2007(STOP)	01-Jan-07	31-Dec-07	Department of Justice	Criminal Justice Coordinating Council
SUBTOTAL							
Local Law Enforcement Block Grants Program	16.592	2004-LB-BX-1418	LLEBG-LE04	05-Nov-04	04-Nov-07	Department of Justice	
SUBTOTAL							
Edward Byrne Memorial Assistance Grant Program	16.738	2005-DJ-BX-1085	LLEBG-LE05/JAG	01-Oct-04	30-Sep-08	Department of Justice	
Edward Byrne Memorial Assistance Grant Program	16.738	2006-DJ-BX-0648	DOJ-06(JAG)	01-Oct-05	30-Sep-09	Department of Justice	
SUBTOTAL							
TOTAL U.S. DEPARTMENT OF JUSTICE							
U.S. Department of Labor							
WIA Adult Program	17.258	WD0538.4	WIA-2006	01-Jul-06	30-Jun-08	Department of Labor	Atlanta Regional Commission
WIA Adult Program	17.258	WD0804	WIA-2007	01-Jul-07	30-Jun-08	Department of Labor	Atlanta Regional Commission
SUBTOTAL							
TOTAL U.S. DEPARTMENT OF LABOR							

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Program or Award Amount	2007						Total
	Federal		State		Local		
	Expenditures	Revenues	Expenditures	Revenues	Expenditures	Revenues	
\$10,000.00	\$5,000	\$5,000					\$5,000
\$15,000.00	\$1,200	\$1,200					\$1,200
	\$6,200	\$6,200	\$0	\$0	\$0	\$0	\$6,200
\$51,519.00	\$33,837	\$37,410			\$11,872	\$11,872	\$45,709
\$51,519.00	\$20,348	\$19,654			\$204		\$20,552
	\$54,185	\$57,064	\$0	\$0	\$12,076	\$11,872	\$66,261
\$15,513.00	\$15,513	\$15,513					\$15,513
\$15,513.00	\$15,513	\$15,513					\$15,513
	\$31,026	\$31,026	\$0	\$0			\$31,026
\$110,496.00	\$18,746	\$18,385			\$6,144	\$6,023	\$24,890
\$73,671.00	(\$340)	(\$339)			(\$37)		(\$377)
\$33,427.00	\$33,427	\$33,427			\$32,105	\$32,105	\$65,532
	\$51,833	\$51,473	\$0	\$0	\$38,212	\$38,128	\$90,045
\$114,861.00						\$35	\$0
	\$0	\$0	\$0	\$0	\$0	\$35	\$0
\$174,365.00	\$99,905				\$13,986	\$4,796	\$113,891
\$114,241.00	\$43,548	\$114,241				\$2,540	\$43,548
	\$143,453	\$114,241	\$0	\$0	\$13,986	\$7,336	\$157,439
	\$286,697	\$260,004	\$0	\$0	\$64,274	\$57,371	\$350,971
\$77,170.00	\$32,980	\$32,980				\$2	\$32,980
\$87,798.00	\$44,681	\$44,681					\$44,681
	\$77,661	\$77,661	\$0	\$0	\$0	\$2	\$77,661
	\$77,661	\$77,661	\$0	\$0	\$0	\$2	\$77,661

continued...

Schedule of Expenditures of Federal, State, and Local Awards – Year ended December 31, 2007

Title	Federal CFDA Number	Grantor Program Number	Fund Agency Org	Program Period	Funding Source		
					Federal	State/Local	
U.S. Department of Transportation							
Airport Improvement Program	20.106	AIP-3-13-0074-25	FAA-2003	26-Aug-03	31-Dec-10	Department of Transportation	Federal Aviation Administration Atlanta Airports District Office
Airport Improvement Program	20.106	3-13-0074-26	FAA 06-7426	12-Jul-06	31-Dec-10	Department of Transportation	Federal Aviation Administration Atlanta Airports District Office
Airport Improvement Program	20.106	3-13-0074-027-2007	FAA-2007	27-Aug-07	27-Aug-10	Department of Transportation	Federal Aviation Administration Atlanta Airports District Office
SUBTOTAL							
Highway Planning and Construction	20.205	UP0610	ARC06-LCI	01-Jan-06	30-Jun-07	Department of Transportation	Atlanta Regional Commission
Highway Planning and Construction	20.205	UP0604	ARC-2006	01-Jan-06	30-Apr-08	Department of Transportation	Atlanta Regional Commission
Highway Planning and Construction	20.205	STP-0005-00 (689)	GADOT 06-689	03-Feb-05	10-May-07	Department of Transportation	Georgia Department of Transportation
Highway Planning and Construction	20.205	CM-0002-00(104)	GADOT 06-SR124	01-Feb-05	01-Dec-07	Department of Transportation	Georgia Department of Transportation
Highway Planning and Construction	20.205	N/A	GRTA-2005	01-Sep-05	31-Dec-10	Department of Transportation	GA Regional Transportation Authority
SUBTOTAL							
Federal Transit Formula Grant	20.507	GA-90-X155-00	FTA-155 (OPERATING)	24-Jan-02	12-Aug-08	Department of Transportation	Federal Transit Administration
Federal Transit Formula Grant	20.507	GA-90-X170-00	FTA-170	03-Sep-02	01-Jan-10	Department of Transportation	Federal Transit Administration
Federal Transit Formula Grant	20.507	GA-90-X170-00	FTA-170 (OPERATING)	03-Sep-02	01-Jan-10	Department of Transportation	Federal Transit Administration
Federal Transit Formula Grant	20.507	GA-90-X192-00	FTA-192 (OPERATING)	18-Sep-03	01-Jan-09	Department of Transportation	Federal Transit Administration
Federal Transit Formula Grant	20.507	GA-90-X203-01	FTA-203 (OPERATING)	01-Jan-05	01-Jan-09	Department of Transportation	Federal Transit Administration
Federal Transit Formula Grant	20.507	GA-90-X218-00	FTA-218 (OPERATING)	06-Sep-05	31-Aug-08	Department of Transportation	Federal Transit Administration
Federal Transit Formula Grant	20.507	GA-90-X231-00	FTA-231 (OPERATING)	12-Sep-06	31-Aug-09	Department of Transportation	Federal Transit Administration
SUBTOTAL							
State and Community Highway Safety	20.600	GA-2007-000-00671	GOHS-07(DUI)	01-Feb-07	30-Sep-07	Department of Transportation	Governor's Office of Highway Safety
State and Community Highway Safety	20.600	GA-2008-000-00581	GOHS-07/08(DUI)	01-Oct-07	30-Sep-08	Department of Transportation	Governor's Office of Highway Safety
SUBTOTAL							
TOTAL U.S. DEPARTMENT OF TRANSPORTATION							

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Program or Award Amount	2007						Total
	Federal		State		Local		
	Expenditures	Revenues	Expenditures	Revenues	Expenditures	Revenues	
\$2,242,500.00	\$159,391	\$199,760				\$1	\$159,391
\$121,445.00	\$16,858	\$16,858					\$16,858
\$186,055.00	\$59,382	\$24,700					\$59,382
	\$235,630	\$241,318	\$0	\$0	\$0	\$1	\$235,630
\$100,000.00	\$37,200	\$37,200					\$37,200
\$1,000,000.00	\$363,960	\$280,291				\$1	\$363,960
\$1,087,209.60	\$317,246	\$317,450					\$317,246
\$871,683.04	\$596,339	\$566,522					\$596,339
\$3,600,000.00	\$968,376	\$968,376			\$265,452		\$1,233,828
	\$2,283,121	\$2,169,838	\$0	\$0	\$265,452	\$1	\$2,548,573
\$1,302,607.00	\$9,906	\$9,906					\$9,906
\$5,690,544.00	\$24,238	\$24,238					\$24,238
\$2,072,737.00	\$97,290	\$97,290					\$97,290
\$1,822,457.00	\$10,934	\$10,934					\$10,934
\$8,001,759.00	\$1,722,149	\$1,722,149					\$1,722,149
\$1,165,373.00	\$280,123	\$280,123					\$280,123
\$1,440,000.00	\$273,083	\$274,418					\$273,083
	\$2,417,723	\$2,419,058	\$0	\$0	\$0	\$0	\$2,417,723
\$29,597.57	\$29,598	\$29,598					\$29,598
\$29,900.00	\$10,789	\$7,244					\$10,789
	\$40,386	\$36,841	\$0	\$0	\$0	\$0	\$40,386
	\$4,976,860	\$4,867,056	\$0	\$0	\$265,452	\$2	\$5,242,312

continued...

Schedule of Expenditures of Federal, State, and Local Awards – Year ended December 31, 2007

Title	Federal CFDA Number	Grantor Program Number	Fund Agency Org	Program Period		Funding Source	
						Federal	State/Local
U.S. Environmental Protection Agency							
Congressionally Mandated Projects	66.202	XP9740-13-00-0	EPA-2000	01-Oct-00	31-Dec-10	Environmental Protection Agency	Environmental Protection Agency
SUBTOTAL							
Capitalization Grants for Clean Water State Revolving Funds	66.458	CWSRF 03-002NP	F-0240	12-Sep-04		Environmental Protection Agency	Georgia Environmental Facilities Authority
Capitalization Grants for Clean Water State Revolving Funds	66.458	CWSRF 04-005	F-2468-2	13-Sep-06		Environmental Protection Agency	Georgia Environmental Facilities Authority
SUBTOTAL							
Nonpoint Source Implementation Grants	66.460	751-40069	EPD-AERIAL	30-Sep-03	15-May-07	Environmental Protection Agency	Georgia Environmental Protection Division
Nonpoint Source Implementation Grants	66.460	751-40105	EPD-2004-CCBMP	28-Apr-04	30-Dec-07	Environmental Protection Agency	Georgia Environmental Protection Division
Nonpoint Source Implementation Grants	66.460	751-60077	EPD 06-FY04 (E07)	23-Mar-06	30-Sep-08	Environmental Protection Agency	Georgia Environmental Protection Division
Nonpoint Source Implementation Grants	66.460	751-70061	EPD 06-FY04 (E19)	15-Aug-06	30-Sep-09	Environmental Protection Agency	Georgia Environmental Protection Division
SUBTOTAL							
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY							
U.S. Department of Energy							
Weatherization Assistance for Low-Income Persons	81.042	DOER-WX-DOE-2006/07-29	DE-2006	01-Apr-06	31-Mar-07	Department of Energy	Georgia Environmental Facilities Authority
Weatherization Assistance for Low-Income Persons	81.042	DOER-WX-DOE-2006/08-29	DE-2007	01-Apr-07	31-Mar-08	Department of Energy	Georgia Environmental Facilities Authority
SUBTOTAL							
TOTAL U.S. DEPARTMENT OF ENERGY							
U.S. Department of Health and Human Services							
Centers	93.044	AR06	AR05-IIIB	01-Jul-05	Completion	Department of Health and Human Services	Atlanta Regional Commission
Centers	93.044	AR07	AR06-IIIB	01-Jul-06	Completion	Department of Health and Human Services	Atlanta Regional Commission
Centers	93.044	AR08	AR07-IIIB	01-Jul-07	30-Jun-08	Department of Health and Human Services	Atlanta Regional Commission
Special Programs for the Aging – Title III, Part C Nutrition Services	93.045	AR06	AR05-IIIC	01-Jul-05	Completion	Department of Health and Human Services	Atlanta Regional Commission
Special Programs for the Aging – Title III, Part C Nutrition Services	93.045	AR07	AR06-IIIC	01-Jul-06	Completion	Department of Health and Human Services	Atlanta Regional Commission
Special Programs for the Aging – Title III, Part C Nutrition Services	93.045	AR08	AR07-IIIC	01-Jul-07	30-Jun-08	Department of Health and Human Services	Atlanta Regional Commission
Nutrition Services Incentive Program	93.053	AR06	AR05-USDA	01-Jul-05	Completion	Department of Health and Human Services	Atlanta Regional Commission

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Program or Award Amount	2007						Total
	Federal		State		Local		
	Expenditures	Revenues	Expenditures	Revenues	Expenditures	Revenues	
\$2,619,550.00	\$246,465	\$246,935					\$246,465
	\$246,465	\$246,935	\$0	\$0	\$0	\$0	\$246,465
\$5,000,000.00	\$2,237,807	\$2,237,807					\$2,237,807
\$22,000,000.00	\$5,245,395	\$5,245,395	\$1,311,349	\$1,311,349			\$6,556,744
	\$7,483,202	\$7,483,202	\$1,311,349	\$1,311,349	\$0	\$0	\$8,794,551
\$151,704.00	\$17,402	\$17,402					\$17,402
\$390,000.00	\$330,120	\$330,120					\$330,120
\$211,100.00	\$69,815	\$69,815					\$69,815
\$600,000.00	\$51,118	\$51,118					\$51,118
	\$468,455	\$468,455	\$0	\$0	\$0	\$0	\$468,455
	\$8,198,123	\$8,198,592	\$1,311,349	\$1,311,349	\$0	\$0	\$9,509,472
\$52,153.00	\$23,042	\$23,042					\$23,042
\$37,420.00	\$31,291	\$31,291					\$31,291
	\$54,334	\$54,334	\$0	\$0	\$0	\$0	\$54,334
	\$54,334	\$54,334	\$0	\$0	\$0	\$0	\$54,334
\$147,434.00						(\$41)	\$0
\$131,355.00	\$62,883	\$65,980	\$3,699	\$3,881	\$7,398	\$6,978	\$73,980
\$136,459.00	\$53,236	\$52,310	\$3,132	\$3,077	\$6,263	\$7,470	\$62,631
\$315,278.00	\$190		\$11		\$22	(\$1,685)	\$223
\$267,982.00	\$139,299	\$148,256	\$8,194	\$8,721	\$16,388	\$20,716	\$163,881
\$301,693.00	\$154,271	\$138,353	\$9,075	\$8,139	\$18,150	\$25,122	\$181,495
\$29,026.00	\$3,614					\$12	\$3,614

continued...

Schedule of Expenditures of Federal, State, and Local Awards – Year ended December 31, 2007

Title	Federal CFDA Number	Grantor Program Number	Fund Agency Org	Program Period		Funding Source	
						Federal	State/Local
Nutrition Services Incentive Program	93.053	AR07	AR06-USDA	01-Jul-06	Completion	Department of Health and Human Services	Atlanta Regional Commission
Nutrition Services Incentive Program	93.053	AR08	AR07-USDA	01-Jul-07	30-Jun-08	Department of Health and Human Services	Atlanta Regional Commission
SUBTOTAL							
National Family Caregiver Support	93.052	AR07	AR06-IIIIE	01-Jul-06	Completion	Department of Health and Human Services	Atlanta Regional Commission
National Family Caregiver Support	93.052	AR08	AR07-IIIIE	01-Jul-07	30-Jun-08	Department of Health and Human Services	Atlanta Regional Commission
SUBTOTAL							
Low-Income Home Energy Assistance	93.568	DOER-WX-HHS-2006/07-29	HS-2006	01-Apr-06	31-Mar-07	Department of Health and Human Services	Georgia Environmental Facilities Authority
Low-Income Home Energy Assistance	93.568	DOER-WX-HHS-2007/08-29	HS-2007	01-Apr-07	31-Mar-08	Department of Health and Human Services	Georgia Environmental Facilities Authority
SUBTOTAL							
Social Services Block Grant	93.667	AR06	AR05-SSBG	01-Jul-05	Completion	Department of Health and Human Services	Atlanta Regional Commission
Social Services Block Grant	93.667	AR07	AR06-SSBG	01-Jul-06	Completion	Department of Health and Human Services	Atlanta Regional Commission
Social Services Block Grant	93.667	AR08	AR07-SSBG	01-Jul-07	30-Jun-08	Department of Health and Human Services	Atlanta Regional Commission
SUBTOTAL							
Medical Assistance Program	93.778	000272742B	GADCH-07-08	01-Jun-07	30-Jun-08	Department of Health and Human Services	Georgia Depart of Community Health
Medical Assistance Program	93.778	000272742B	GADCH-2005	30-Jun-04	Completion	Department of Health and Human Services	Georgia Depart of Community Health
Medical Assistance Program	93.778	000272742B	GADCH-2006A	30-Sep-05	Completion	Department of Health and Human Services	Georgia Depart of Community Health
Medical Assistance Program	93.778	000272742B	GADCH-2007	01-Jul-06	31-Oct-07	Department of Health and Human Services	Georgia Depart of Community Health
Medical Assistance Program	93.778	000272742B	GADCH-2007A	01-Jul-06	Completion	Department of Health and Human Services	Georgia Depart of Community Health
SUBTOTAL							
TOTAL U.S. DEPT. OF HEALTH AND HUMAN SERVICES							
U.S. Department of Homeland Security							
State Domestic Preparedness Equipment Support Program	97.004	2004-GE-T4-0012	GEMA FY04 ODP-POD	29-Mar-04	31-Jul-07	Department of Homeland Security	Georgia Depart of Homeland Security
State Domestic Preparedness Equipment Support Program	97.004	2003-TE-TX-0181	HAZMAT-2003-01	27-May-03	31-May-07	Department of Homeland Security	Georgia Depart of Homeland Security
State Domestic Preparedness Equipment Support Program	97.004	2003-MU-T3-0010	HAZMAT-2003-02	03-Jun-03	31-Mar-07	Department of Homeland Security	Georgia Depart of Homeland Security
State Domestic Preparedness Equipment Support Program	97.004	2005-GR-T5-0020	HOMELAND-POL-BUFFER	01-Jul-05	31-Dec-07	Department of Homeland Security	Georgia Depart of Homeland Security
State Domestic Preparedness Equipment Support Program	97.004	2003-TE-TX-0181	HOMELAND-POL-PHI	01-Jan-05	31-Dec-07	Department of Homeland Security	Georgia Depart of Homeland Security
SUBTOTAL							

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Program or Award Amount	2007						Total
	Federal		State		Local		
	Expenditures	Revenues	Expenditures	Revenues	Expenditures	Revenues	
\$39,030.00	\$20,194	\$19,502				\$7	\$20,194
\$26,410.00	\$13,181	\$12,243					\$13,181
	\$446,869	\$436,644	\$24,111	\$23,818	\$48,221	\$58,579	\$519,200
\$51,788.00	\$21,061	\$6,843	\$4,212	\$3,651	\$2,808	\$3,069	\$28,081
\$52,468.00	\$21,530	\$21,085	\$4,306	\$4,216	\$2,871	\$2,812	\$28,706
	\$42,591	\$27,928	\$8,518	\$7,867	\$5,679	\$5,881	\$56,787
\$77,869.00	\$52,156	\$52,156					\$52,156
\$44,026.00	\$30,729	\$30,729					\$30,729
	\$82,884	\$82,884	\$0	\$0	\$0	\$0	\$82,884
\$121,261.00	\$379				\$52	(\$1,111)	\$431
\$106,692.00	\$56,650	\$54,208			\$7,725	\$3,117	\$64,375
\$130,423.00	\$30,186	\$41,480			\$4,116	\$5,658	\$34,303
	\$87,215	\$95,688	\$0	\$0	\$11,893	\$7,664	\$99,108
\$82,250.00	\$40,234	\$27,057					\$40,234
\$35,450.00		\$2,171					\$0
\$90,475.00		(\$2,171)					\$0
\$66,683.04	\$37,104	\$4,403					\$37,104
\$38,657.23		\$38,657					\$0
	\$77,338	\$70,117	\$0	\$0	\$0	\$0	\$77,338
	\$736,896	\$713,261	\$32,629	\$31,685	\$65,793	\$72,124	\$835,318
\$425,000.00	\$425,000	\$425,000					\$425,000
\$28,924.25	(\$105)	(\$93)					(\$105)
\$2,534.50	(\$218)	(\$208)					(\$218)
\$245,466.60	\$145,588	\$145,588					\$145,588
\$84,600.00		(\$4,727)					\$0
	\$570,265	\$565,560	\$0	\$0	\$0	\$0	\$570,265

Schedule of Expenditures of Federal, State, and Local Awards – Year ended December 31, 2007

Title	Federal CFDA Number	Grantor Program Number	Fund Agency Org	Program Period	Funding Source		
					Federal	State/Local	
Food Mitigation Assistance	97.029	FMA-PJ-04-GA-2005-001	FEMA-2005	20-Mar-06	31-Dec-07	Department of Homeland Security	Georgia Department of Homeland Security
SUBTOTAL							
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-3218-EM-GA	GEMA-2006	01-Jan-06	28-Jun-07	Department of Homeland Security	Georgia Department of Homeland Security
SUBTOTAL							
Citizen Corps	97.053	2004-GE-T4-0012	CERT-2004	29-Mar-04	28-Feb-08	Department of Homeland Security	Georgia Depart of Homeland Security
Citizen Corps	97.053	2006-GE-T6-0066	GADHS-07 (BW091-CIT)	01-Jul-06	28-Feb-08	Department of Homeland Security	Georgia Depart of Homeland Security
SUBTOTAL							
Homeland Security Grant Program	97.067	2006-GE-T6-0066	GADHS-07 (BW0862)	01-Jan-06	28-Feb-08	Department of Homeland Security	Georgia Depart of Homeland Security
Homeland Security Grant Program	97.067	2006-GE-T6-0066	GADHS-07 (BW0910-EQU)	01-Jul-06	28-Feb-08	Department of Homeland Security	Georgia Depart of Homeland Security
SUBTOTAL							
State Homeland Security Grant Program (SHSP)	97.073	2006-GE-T6-0066	GADHS-07 (BW0863)	01-Jul-06	28-Feb-08	Department of Homeland Security	Georgia Depart of Homeland Security
SUBTOTAL							
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY							
SUBTOTAL FEDERAL ASSISTANCE							
State/Local Assistance							
Weatherization Assistance Program	N/A	DOER-AGLC-WX-06/07-29	AGL-2006	01-Oct-06	30-Apr-07		Georgia Environmental Facilities Authority
Weatherization Assistance Program	N/A	DOER-AGLC-WX-07/08-29	AGL-2007	01-May-07	30-Apr-08		Georgia Environmental Facilities Authority
Alzheimer's Program	N/A	AR06	AR05-ALZ	01-Jul-05	Completion		Atlanta Regional Commission
Alzheimer's Program	N/A	AR07	AR06-ALZ	01-Jul-06	Completion		Atlanta Regional Commission
Alzheimer's Program	N/A	AR08	AR07-ALZ	01-Jul-07	30-Jun-08		Atlanta Regional Commission
Community-Based Day Care Services Division of Aging Services Home Delivered Meals	N/A	AR06	AR05-CBS	01-Jul-05	Completion		Atlanta Regional Commission
Community-Based Day Care Services Division of Aging Services Home Delivered Meals	N/A	AR07	AR06-CBS	01-Jul-06	Completion		Atlanta Regional Commission

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Program or Award Amount	2007						Total
	Federal		State		Local		
	Expenditures	Revenues	Expenditures	Revenues	Expenditures	Revenues	
\$130,500.00	\$118,936	\$118,936			\$9,985	\$9,985	\$128,831
	\$118,936	\$118,936	\$0	\$0	\$9,985	\$9,985	\$128,831
\$177,784.00	\$473	\$8,555					\$473
	\$473	\$8,555	\$0	\$0	\$0	\$0	\$473
\$24,000.00	\$1,740	(\$451)					\$1,740
\$26,355.90	\$2,758						\$2,758
	\$4,498	(\$451)	\$0	\$0	\$0	\$0	\$4,498
\$100,000.00	\$98,887	\$98,887					\$98,887
\$25,000.00	\$19,036	\$19,036					\$19,036
	\$177,923	\$177,923	\$0	\$0	\$0	\$0	\$177,923
\$309,940.00	\$28,856	\$28,856					\$28,856
	\$28,856	\$28,856	\$0	\$0	\$0	\$0	\$28,856
	\$840,951	\$839,379	\$0	\$0	\$9,895	\$9,895	\$850,846
	\$21,378,897	\$22,464,974	\$1,343,978	\$1,343,034	\$717,128	\$292,327	\$23,440,002
\$20,288.00			\$19,600	\$19,600			\$19,600
\$10,500.00			\$6,553	\$6,553			\$6,553
\$50,360.00						\$17	\$0
\$50,343.00			\$29,139	\$24,728			\$29,139
\$50,343.00			\$29,713	\$23,659			\$29,713
\$240,366.00			\$4,534		\$2,801	\$2,801	\$7,334
\$235,862.00			\$147,781	\$117,509			\$147,781

continued...

Schedule of Expenditures of Federal, State, and Local Awards – Year ended December 31, 2007

Title	Federal CFDA Number	Grantor Program Number	Fund Agency Org	Program Period		Funding Source	
						Federal	State/Local
Community-Based Day Care Services Division of Aging Services Home Delivered Meals	N/A	AR08	AR07-CBS	01-Jul-07	30-Jun-08		Atlanta Regional Commission
Special Program for the Aging	N/A	AR06	AR05-ITCO	01-Jul-05	Completion		Atlanta Regional Commission
Special Program for the Aging	N/A	AR07	AR06-ITCO	01-Jul-06	Completion		Atlanta Regional Commission
Local Assistance Fund	N/A	06-C-L-092	DCA-2006-PLYGRD	05-Sep-06	19-Nov-07		Georgia Department of Community Affairs
Local Assistance Fund	N/A	07-C-L-203	DCA-2006-GVCA	03-Oct-06	12-Nov-07		Georgia Department of Community Affairs
Local Assistance Fund	N/A	08-C-L-207	DCA-07-GVCID	28-Sep-07	28-Sep-08		Georgia Department of Community Affairs
Local Assistance Fund	N/A	06-C-L-208	DCA-07-UPCCA	28-Sep-07	28-Sep-08		Georgia Department of Community Affairs
Local Assistance Fund	N/A	06-C-L-209	DCA-07-CREATIVE	28-Sep-07	28-Sep-08		Georgia Department of Community Affairs
Fireman's Fund	N/A	N/A	FFIC-2007	01-Jan-07	31-Dec-09		Fireman's Fund
Family Connection for Gwinnett Coalition Fiscal Agent	N/A	427-93-07070375-99	FAMCONN-2006	01-Jul-06	30-Jun-07		GA Department of Human Resources
Family Connection for Gwinnett Coalition Fiscal Agent	N/A	427-93-08080340-99	GADHR-FAMCONN2007	01-Jul-07	30-Jun-08		GA Department of Human Resources
Opportunities for Wildlife Learning Program	N/A	N/A	GADNR-06-WRD	05-Sep-06	31-Oct-07		GA Department of Natural Resources
Airport Improvement Project	N/A	AP-060-9000-25(135)	GADOT 06-135	16-Jun-06	31-Dec-10		Georgia Department of Transportation
Airport Improvement Project	N/A	AP-080-9000-26(135)	GADOT 07-FENCE	29-Oct-07	29-Oct-10		Georgia Department of Transportation
Capital Improvement Assistance	N/A	PT000-0001-99-021	GADOT-021	17-Jun-99	31-Dec-09		Georgia Department of Transportation
Capital Improvement Assistance	N/A	PT000-2001-99-021	GADOT-021 (OPER)	17-Jun-99	31-Dec-09		Georgia Department of Transportation
Capital Improvement Assistance	N/A	PT000-2001-03-011	GADOT-011 (OPER)	24-Feb-03	31-Dec-08		Georgia Department of Transportation
Capital Improvement Assistance	N/A	PT000-2001-01-017	GADOT-017 (OPER)	01-Jun-05	31-Dec-09		Georgia Department of Transportation
Capital Improvement Assistance	N/A	PT000-2001-06-014	GADOT#06-014 (OPER)	30-Jun-06	31-Dec-09		Georgia Department of Transportation
Local Donation	N/A	N/A	VEHICLES-2006	18-Jul-06	Completion		Friends of Gwinnett County Senior Services
SUBTOTAL STATE/LOCAL ASSISTANCE							
TOTAL PROGRAMS							

See accompanying notes to Schedule of Expenditures of Federal, State, and Local Awards.

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Program or Award Amount	2007						Total
	Federal		State		Local		
	Expenditures	Revenues	Expenditures	Revenues	Expenditures	Revenues	
\$280,093.00			\$95,935	\$120,021			\$95,935
\$3,157.00						\$7	\$0
\$3,239.00			\$3,234	\$3,239			\$3,234
\$10,000.00			\$10,000	\$2,500			\$10,000
\$25,000.00			\$25,000	\$6,250			\$25,000
\$25,000.00				\$18,750			\$0
\$20,000.00				\$15,000			\$0
\$25,000.00			\$25,000	\$25,000			\$25,000
\$2,013.00					\$1,861	\$2,013	\$1,861
\$50,000.00			\$29,072	\$29,072			\$29,072
\$50,000.00			\$24,922	\$24,922			\$24,922
\$4,500.00			\$4,500	\$4,500			\$4,500
\$39,163.00			\$9,659	\$11,361			\$9,659
4,965.00			\$839				\$839
\$1,800,220.00			\$3,030	\$3,030			\$3,030
\$19,526.30			\$19,526	\$19,526			\$19,526
\$230,000.00			\$548	\$548			\$548
\$290,000.00			\$35,834	\$35,834			\$35,834
\$180,000.00			\$6,086	\$6,252			\$6,086
\$32,000.00					\$30,396		\$30,396
	\$0	\$0	\$530,505	\$517,854	\$35,058	\$4,838	\$565,562
	\$21,378,897	\$22,464,974	\$1,874,482	\$1,860,888	\$752,185	\$297,165	\$24,005,564

notes to schedule of federal, state, and local awards basis of presentation and accounting

sub-recipient disbursements

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 1** 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 1** to the County's financial statements.

During 2007, disbursements were made to sub-recipients of the following grant programs:

Program	CFDA	Amount
Community Development Block Grant	14.218	\$1,039,130
Emergency Shelter Grant	14.231	114,571
Home Investments Partnership Program	14.239	1,807,480
Edward Byrne Memorial Justice Assistance Grant Program	16.738	34,010
Highway Planning and Construction	20.205	37,200
Weatherization Program	81.042	137,218
Weatherization Program	N/A	26,153
Georgia Local Assistance Program	N/A	50,000
Family Connections	N/A	53,993
Total		\$3,299,755



**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, 2007, which collectively comprise the County’s basic financial statements and have issued our report thereon dated June 13, 2008, which includes a reference to other auditors and describes the implementation of new accounting standards related to postemployment benefits other than pensions. 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. Other auditors audited the financial statements of the Gwinnett County Board of Health, as described in our report of the County’s financial statements. This report does not include the results of the other auditors’ consideration of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County’s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs, as items 2007-1, 2007-2, 2007-3, 2007-4, 2007-5, 2007-6, and 2007-7 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2007-1, 2007-2, 2007-3, and 2007-4 to be material weaknesses.

Compliance and Other Matters

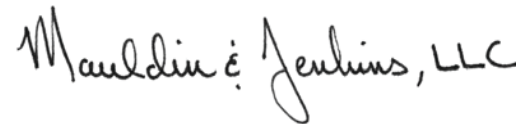
As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2007-8.

We noted certain matters that we reported to management of the County in a separate letter dated June 13, 2008.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

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.

Atlanta, Georgia
June 13, 2008





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, 2007. 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 \$5,605,143 in federal awards which are not included in the Schedule of Expenditures of Federal and State Awards for the year ended December 31, 2007. 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, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2007-9, 2007-10, 2007-11, and 2007-12.

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 the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

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 13, 2008

GWINNETT COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED

(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: **yes**
 - Significant deficiencies identified, not considered to be material weaknesses: **yes**
- (c) Noncompliance material to the financial statements noted: **yes**
- (d) Internal control over major programs:
 - Material weaknesses identified: **no**
 - Significant deficiencies 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: **yes**
- (g) Major Programs:
 - Community Development Block Grant, CFDA #14.218**
 - Nonpoint Source Implementation Grants, CFDA #66.460**
 - Watershed Protection and Flood Prevention, CFDA #10.904**
 - Clean Water State Revolving Funds, CFDA# 66.458**

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

- (h) Dollar threshold to distinguish between Type A and Type B programs: **\$416,871**
- (i) Audit qualified as a low-risk auditee under Section .530 of OMB Circular A-133: **no**

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

2007-1 Recording of Loans

Criteria: Internal controls should be in place to ensure that the amounts reported as long term liabilities in the enterprise funds are appropriate in accordance with accounting principles generally accepted in the United States of America (GAAP).

Condition: The County's Water and Sewer enterprise fund and Stormwater enterprise fund loans payable, and related accrued interest payable, required significant adjustment after year end in order to properly record those liabilities on a full accrual basis.

Context/Cause: During the course of our test work, we noted that the amounts drawn on new Georgia Environmental Facilities Authority (GEFA) loans were recorded in the Water and Sewer Fund and the Stormwater Fund as loan proceeds similar to intergovernmental revenue. Due to the fact that both of these funds are enterprise funds and use full accrual accounting, GAAP requires these transactions to be recorded as liabilities.

Effects: Audit adjustments totaling approximately \$8,921,000 were needed to correctly report loans payable as of December 31, 2007.

GWINNETT COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED

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

2007-1 Recording of Loans (continued)

Recommendation: We recommend that all new loans and related agreements be reviewed for accounting and reporting issues. In addition good lines of communication between functional areas will help to ensure that all accounting and reporting objectives are identified and achieved.

Response: The County agrees with the recommendation above. The Accounting Division has established a more detailed review in conjunction with the Treasury Division. This includes evidencing review and noting the nature of agreements, related transaction types, and agreement with source documents.

2007-2 Recording on Donated Sewer Assets

Criteria: Internal controls should be in place to ensure that the amounts reported as donated sewer capital assets are accurate and properly valued.

Condition: The County's Water and Sewer Fund required significant adjustment after year end in order to properly record sewer infrastructure capital assets donated by developers.

Context/Cause: During the course of our test work, we noted that an error in the formula used in the County's spreadsheet calculate the value of sewer lines donated to the County. The error caused the incorrect amount to be recorded in the general ledger of the Water and Sewer Fund.

GWINNETT COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED

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

2007-2 Recording on Donated Sewer Assets (continued)

Effects: Audit adjustments totaling approximately \$3,142,000 was needed to increase the amount reported as capital assets, and related capital contributions, in the Water and Sewer Fund as of, and for the year ended, December 31, 2007.

Recommendation: We recommend the County carefully review all schedules used to generate amounts to be recorded in the general ledger be reviewed to ensure complete and accurate information.

Response: The County agrees with the recommendation above. The Accounting Division has established a more detailed review of these important spreadsheets to include validation of the quality of calculations, redundancy checks, interrelationships, change management, and their reconciliation to the general ledger to prevent future adjustments.

2007-3 Accrued Leave Liability

Criteria: Internal controls should be in place to ensure that the amounts reported as accrued liabilities are appropriate in accordance with GAAP.

Condition: The County's Stormwater Fund required adjustment after year end in order to properly record accrued liabilities related to employee's accumulated annual leave.

Context/Cause: During our testing of accrued annual leave in the Stormwater Fund, we noted a clerical error on the spreadsheet used to record the liability at year end.

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

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

2007-3 Accrued Leave Liability (continued)

Effects: An audit adjustment totaling \$40,270 was needed to increase the accrued leave liability in the Stormwater Fund as of December 31, 2007.

Recommendation: We recommend the County carefully review all schedules used to generate amounts to be recorded in the general ledger be reviewed to ensure complete and accurate information.

Response: The County agrees with the recommendation above. The Accounting Division has established a more detailed review of these important spreadsheets to include validation of the quality of calculations, redundancy checks, interrelationships, change management, and their reconciliation to the general ledger to prevent future adjustments.

2007-4 Accounts Payable

Criteria: Procedures should be in place to ensure that all departments accumulate their accounts payable in a timely manner as part of the year end closing process.

Condition: The Department of Water Resources had several liabilities which were required to be accrued after the County's normal accumulation of accounts payable was completed. These accruals related to water and sewer and stormwater projects.

Context/Cause: During the course of our test work, we noted several invoices were not properly recorded as accounts payable at year end.

GWINNETT COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED

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

2007-4 Accounts Payable (continued)

Effects: Adjustments totaling approximately \$668,900 were needed to correctly report accounts payable as of December 31, 2007. Additionally a potential adjusting entry was passed, due to immateriality, which would increased accounts payable in the 1997 SPLOST Fund by approximately \$485,000.

Recommendation: We recommend the County's Department of Financial Services continue to work with departments to ensure that all accounts payable are accumulated in a timely manner as part of the year end closing process and that construction projects are analyzed to determine is an accrual is required.

Response: The County agrees with the recommendation above. The Accounting Division held several year-end closing meetings, in December 2007, with all County Departments and emphasized the importance of providing expense accruals to the Accounting Division on a timely basis. Due to further effort needed, the Accounting Division has provided a list of the late accruals to the departments of focus and will provide additional training and tools to identify accruals. The County will continue to hold year-end meetings with the Departments to emphasize the importance of this process.

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

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

2007-5 - 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, Planning and Development Department, Community Services, and Springbrook Golf Course Commission, and the Gwinnett County Development Authority.

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.

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

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

2007-5 - Segregation of Duties (continued)

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 agrees with the recommendation above. The County has performed a detailed review of several of the Courts regarding segregation of duty issues and the County has recommended the following: (a) document policies and procedures for cash management, (b) ensure appropriate segregation of duties among those individuals collecting cash and those employees who disburse cash, (c) meet with the external auditors on an annual basis to ensure that the internal controls for segregation of duties are appropriately designed and functioning, and (d) periodically do surprise counts of cash drawers for any individuals using a cash drawer to receive cash and make change.

Finding 2007-6 - 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.

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

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

Finding 2007-6 - Maintenance of a Ledger of Amount Owed by Agency Funds (continued)

Condition/Context: During our audit of the elected officials, we noted accounts in the Clerk of Courts, Recorder’s Court, Sheriff, and Juvenile Court 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 the Finance Department work with the elected officials to ensure that these details are properly maintained and reconciled throughout the year.

Response: The County’s Department of Financial Services will continue to offer assistance to the elected officials. Communication, guidance, and corrective actions concerning this finding will be addressed to administering parties of each elected official’s office: Clerk of Courts - Business Officer; Juvenile Court - Court Administrator; Recorder’s Court – Clerk of Recorder’s Court; and, Sheriff – Business Officer. The need for reconciliations and statements of account will be stressed. In addition, internal reviews are recommended to be conducted by the County to assess execution of procedures.

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

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

2007-7 Internal Controls over Journal Entry Approval

Criteria: An important aspect of internal control over financial reporting is to have all manual journal entries reviewed by someone other than the preparer prior to entry into the financial information system.

Condition: The accounting manager and financial reporting manager are able to initiate, record, and review the same journal entry.

Context/Cause: During the review of journal entries, it was noted that the computer controls in accounting system were inadvertently changed allowing the accounting manager and the financial reporting manager the ability to approve their own journal entries. Normally the controls are set to require these two individuals to approve each others entries.

Effects: Although we found no instances where either individual reviewed their own entry, the lack of controls increases the risk of management override and misstatements in financial reporting.

Recommendation: We recommend the County review controls in place over approval of journal entries to ensure that the controls are working as designed and intended.

Response: The County agrees with the recommendation above. The Accounting Division has contacted IT and the problem has been corrected. Further, the Accounting Division will be submitting a request for an available change management log noting timing and authorized changes.

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

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

2007-8 Collateralization of Bank Accounts

Criteria: All deposits of public funds of the County and any related elected officials are required, in accordance with O.C.G.A 36-83-5, to be collateralized at 110% of the value of the deposits over the federally insured deposit amount.

Condition: One of the Sheriff's account was not collateralized as public funds as required by state statute.

Context/Cause: One financial institution holding funds for the Sheriff's Department was undercollateralized by \$100,433.

Effects: The County was not in compliance with state statute for deposit collateralization for this account.

Recommendation: We recommend the County carefully review all accounts and ensure collateral agreements with their banks are appropriate for each account.

Response: The County agrees with the recommendation above. The Treasury Division and the Sheriff's department have reviewed all accounts and have requested the bank collateralize the account in question. In addition, periodically communication will be sent to County divisions holding accounts to reemphasize the guidelines for handling the accounts.

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

(3) Findings and Questioned Costs Relating to Federal Awards

Finding: 2007-9 - Review of Reports

Program: CFDA No. 66.460

CFDA Program Title: Nonpoint Source Implementation Grants

Federal Award Years: 2004 and 2006

Criteria: In compliance with the guidance set forth in the grant agreements, semi-annual progress reports are required to be submitted, for each grant within the program, to the pass-through entity - the State of Georgia Environmental Protection Division.

Condition: The County's process did not require a review of the semi-annual reports for these grants, by anyone other than the preparer, prior to their submittal to the grant pass through agency.

Effects or possible effects: While no errors were noted in the information included in the reports selected for testwork, the lack of review and approval of these reports, by someone other than the preparer, could lead to inaccurate reporting.

Questioned Costs: None.

Cause: The County did not have a process to ensure the reports were reviewed and approved.

Prevalence and Consequence of the Finding: Of the four Nonpoint Source Implementation Grants reports requiring submittal, two lacked review and approval prior to submission and two had corroborating verbal evidence they were reviewed, however, there was no physical evidence of the review.

GWINNETT COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED

(3) Findings and Questioned Costs Relating to Federal Awards (continued)

Finding: 2007-9 - Review of Reports (continued)

Recommendation: We recommend the County enact controls which require the review and approval of the semi annual reports by someone other than the preparer.

Views of Responsible Officials: The County agrees with the recommendation above. The Grants Section and the Department of Water Resources have established a formal review process to ensure all reports are reviewed and approved prior to submission.

Finding: 2007-10 – Suspension and Debarment

Program: CFDA No. 66.460

CFDA Program Title: Nonpoint Source Implementation Grants

Federal Award Years: 2004 and 2006

Criteria: In compliance with the guidance set forth in the grant agreements and with the OMB A-102 Common Rule, all grant recipients are required, during the procurement process, to ensure vendors are not cited as suspended or debarred or otherwise excluded from participation in federally funded contracts. This can be accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration, collecting a certification from the entity, or adding a clause or condition to the contract with the vendor.

Condition: During our testing of the Nonpoint Source Implementation Grants, it was discovered that the County did not verify whether two contractors were noted as excluded on the Federal government's suspension and debarred lists and did not include the appropriate language in the contracts with those vendors.

GWINNETT COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED

(3) Findings and Questioned Costs Relating to Federal Awards (continued)

Finding: 2007-10 – Suspension and Debarment (continued)

Effects or possible effects: The County could unintentionally enter into a noncompliant contract and be forced to reimburse the Federal government for all expenditures made with the debarred or suspended contractor. Based on a review of the EPLS, neither of the contractors in this case were included as suspended or debarred.

Questioned Costs: None.

Cause: The County did not obtain suspension and debarment certifications from the contractors.

Prevalence and Consequence of the Finding: Of the two contractors used with Nonpoint funds, neither was noted as having the proper suspension and debarment certification in their contracts.

Recommendation: We recommend the County follow procedures to properly include all suspension and debarment clauses in the contracts involving grant funds.

Views of Responsible Officials: The County agrees with the recommendation above. The Accounting Division and the Grants Section have established a formal reconciliation process to ensure that all grant related information be included in the contracts in the future.

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

(3) Findings and Questioned Costs Relating to Federal Awards (continued)

Finding: 2007-11 – Equipment Management

Program: CFDA No. 14.218

CFDA Program Title: Community Development Block Grant

Federal Award Years: 2004, 2005, 2006

Criteria: The A-102 Common Rule requires that equipment, purchased with federal funds, be used in the program for which it was acquired or, when appropriate, other Federal programs and equipment records shall be maintained.

Condition: The County did not add capital assets, purchased with federal grant funds, to its capital asset system, denoting that they were purchased with federal grant funds.

Effects or possible effects: Not including capital assets purchased with federal funds in the capital asset system or denoting that they were purchased with federal funds could result in proceeds from the disposal of those assets not being retained in the program as required by federal requirements.

Questioned Costs: None, as no assets were disposed of, but capital assets acquired with the value of \$90,264 were not included in the capital asset system or denoted to have been purchased with federal funds.

Cause: The County did not make the proper notations within the capital asset system.

Prevalence and Consequence of the Finding: Other capital assets were noted to have been properly included and denoted as federally funded. All capital assets acquired with this program, which were 4 assets valued at \$248,708, were tested and 1 asset totaling \$90,264 were noted to not have the proper denotation.

GWINNETT COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED

(3) Findings and Questioned Costs Relating to Federal Awards (continued)

Finding: 2007-11 – Equipment Management (continued)

Recommendation: We recommend the County follow procedures to properly include all grant related information in the capital asset system for grant funded capital assets.

Views of Responsible Officials: The County agrees with the recommendation above. The Accounting Division and the Grants Section will enhance procedures to ensure that all grant related information is included in the capital asset system through reconciliation and agreement of the grant documents, expenditure funding sources, and related acquisitions.

Finding: 2007-12 – Equipment Management

Program: CFDA No. 66.458

CFDA Program Title: Clean Water State Revolving Loan Fund

Federal Award Years: 2003 and 2004

Criteria: The A-102 Common Rule requires that equipment, purchased with federal funds, be used in the program for which it was acquired or, when appropriate, other Federal programs and equipment records shall be maintained.

Condition: The County did not add capital assets, purchased with federal grant funds, to its capital asset system, denoting that they were purchased with federal grant funds.

GWINNETT COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED

(3) Findings and Questioned Costs Relating to Federal Awards (continued)

Finding: 2007-12 – Equipment Management (continued)

Effects or possible effects: Not including capital assets purchased with federal funds in the capital asset system or denoting that they were purchased with federal funds could result in proceeds from the disposal of those assets not being retained in the program as required by federal requirements.

Questioned Costs: None, as no assets were disposed of, but capital assets acquired with the value of \$293,528 were not included in the capital asset system or denoted to have been purchased with federal funds.

Cause: The County did not make the proper notations within the capital asset system.

Prevalence and Consequence of the Finding: Other capital assets were noted to have been properly included and denoted as federally funded. Ninety percent of capital assets acquired with this program, valued at \$9,162,532, were tested and invoices totaling \$293,528 were noted to not have the proper capitalization.

Recommendation: We recommend the County follow procedures to properly include all grant related information in the capital asset system for grant funded capital assets.

Views of Responsible Officials: The County agrees with the recommendation above. The Accounting Division and the Grants Section will enhance procedures to ensure that all grant related information is included in the capital asset system through reconciliation and agreement of the grant documents, expenditure funding sources, and related acquisitions.

GWINNETT COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED

(4) Status of Prior Year Findings

Finding Reference: 2006-1

Condition/Context: The Department of Water Resources implemented a new billing system last year. As a result of this implementation, several adjustments were required to be made to receivables and deposits as a result of the reconciliation problems and to correct certain manual entries.

Auditee Response/Status: Dedicated resources were assigned by the Department of Water Resources to focus on developing reports from the new billing system that allowed for more timely reconciliation of all receivable and deposit accounts. Also, a major focus on collections of past due customer accounts is underway. Finding not repeated this year.

Finding Reference: 2006-2

Condition/Context: Audit adjustments were required to correct year end amounts, primarily related to the insurance premium tax receivable. The amounts had mispostings or double postings of year end closing entries based on the County's calculations and analysis performed.

Auditee Response/Status: The Accounting Division established a more detailed review of these important journal entries by the Accounting Manager. There is now a formal process to reconcile the taxes receivable and deferred revenue balances to the subsidiary ledgers to prevent future adjustments. Finding was not repeated this year.

GWINNETT COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED

(4) Status of Prior Year Findings (continued)

Finding Reference: 2006-3

Condition/Context: An audit adjustment was required to correct the year end amount of ambulance fees receivable. The receivable on the general ledger had not been updated to reflect certain activity of the current year; however, this information was maintained in the subsidiary ledger.

Auditee Response/Status: The Accounting Division established a more detailed review of these important journal entries by the Accounting Manager. There is now a formal process to reconcile the taxes receivable and deferred revenue balances to the subsidiary ledgers to prevent future adjustments. Finding was not repeated this year.

Finding Reference: 2006-4

Condition/Context: The Department of Transportation had several liabilities required to be accrued after the County's normal accumulation of accounts payable was completed. These accruals related to grant funded projects and thus also required the accrual of grants receivable.

Auditee Response/Status: The Accounting Division has provided a list of the late accruals to the Department of Transportation and asked them to develop a corrective action plan to prevent this from happening in the future. We will continue to hold year-end meetings with the Departments to emphasize the importance of this process. No finding related to the late accrual of Department of Transportation invoices this year, however, the County did have a similar issue with Water and Sewer and Stormwater project invoices.

GWINNETT COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED

(4) Status of Prior Year Findings (continued)

Finding Reference: 2006-5

Condition/Context: The County recorded accrued interest payable for the full interest payment of their 1994 Water and Sewerage Bonds which are capital appreciation bonds although most of it had been accreted into bond principal payable and thus double recorded the liability.

Auditee Response/Status: The Accounting Division has established a more detailed review of these important Capital Appreciation Bond journal entries by the Accounting Manager. Finding was not repeated this year.

Finding Reference: 2006-6

Condition/Context: Year end closing entries to record agency fund cash had been recorded twice and audit adjustments were required to correct the year end amounts.

Auditee Response/Status: The Accounting Division established a more detailed review of these important journal entries by the Accounting Manager. There is now a formal process to reconcile the Agency Fund cash balances to the subsidiary ledgers to prevent future adjustments. Finding was not repeated this year.

GWINNETT COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED

(4) Status of Prior Year Findings (continued)

Finding Reference: 2006-7

Condition/Context: Certain payroll and related accruals had automated postings from the payroll system which were working incorrectly. Adjustments were required to correctly report accrued liabilities.

Auditee Response/Status: The Accounting Division established a formal payroll reconciliation that is being performed after each payroll processing that will prevent these errors from occurring in the future. This particular finding was not repeated this year, however the County, did have a finding relating to accrual leave.

Finding Reference: 2006-8

Condition/Context: As part of the normal procedures of the County, \$2.7 million was transferred out of the E-911 Fund to a capital projects fund based on the budget of an E-911 related capital project. The amount was transferred at the onset of the project, before any costs were incurred. Transferring the funds out of the E-911 fund prior to any costs being incurred increases the opportunity for these funds to be spent on projects other than E-911 projects and thus increases the risk of noncompliance.

Auditee Response/Status: The County revised the capital project funding policy and only transfers E-911 funds to a capital project if the funds are being spent in that period for E-911 related projects. Finding was not repeated this year.

GWINNETT COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED

(4) Status of Prior Year Findings (continued)

Finding Reference: 2006-9

Condition/Context: There were 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.

Auditee Response/Status: The County performed a detail review of several of the Courts and while some processes were improved, the finding was repeated again this year. The limited number of employees involved in the various offices and the resulting overlapping of duties causes segregation of duties to be difficult.

Finding Reference: 2006-10

Condition/Context: There were several accounts in the Clerk of Courts, Recorder's Court, Sheriff, and Juvenile Court 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.

Auditee Response/Status: This finding was repeated this year. The County's Department of Financial Services will continue to offer assistance to the elected officials.

GWINNETT COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED

(4) Status of Prior Year Findings (continued)

Finding Reference: 2006-11

Condition/Context: The County did not add capital assets, purchased with federal grant funds from the Homeland Security Grant program, to its capital asset system, denoting that they were purchased with federal grant funds.

Auditee Response/Status: The Accounting Division and the Grants Section are working to establish a formal reconciliation process to ensure that all grant related information be included in the capital asset system in the future, however this finding was repeated this year relating to two different grants.



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 1998*
- *Water and Sewerage Authority Revenue Bonds, Series 2002*
- *Water and Sewerage Authority Revenue Bonds, Series 2003b*
- *Water and Sewerage Authority Revenue Bonds, Series 2004*
- *Water and Sewerage Authority Revenue Bonds, Series 2005*
- *Water and Sewerage Authority Revenue Bonds, Series 2006*

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. 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 2005. This work includes new pumps and motors, hydraulic system, electrical switchgear, motor starters and controls, and HVAC systems. Completion is expected in spring 2008.

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. Work began in 2006 to provide an improved Backwash Equalization Process to improve operation of the residuals facility. 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, April 2005, April 2006, and April 2007 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 DWR 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. Additional security upgrades are factored into future CIP planning.

Pathogen Inactivation. As part of the Long-Term 2 Enhanced Surface Water Treatment Rule, USEPA is collecting data on pathogen occurrence in drinking water facilities, which will impact future water quality standards. The Shoal Creek Filter Plant was designed to meet these potential regulatory requirements for pathogen inactivation with Ozone. Design began in 2006 for an ultra violet disinfection system for the Lanier Filter Plant to provide equality of treatment at both facilities and give an additional barrier of protection against these contaminants.

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. The Shoal Creek Filter Plant construction included a new transmission main to connect the plant to the existing Lanier Filter Plant. In 2007, work began on construction of a 60-inch transmission line from the Shoal Creek Filter Plant to the existing 48-inch transmission main located at Peachtree Industrial Boulevard. This greatly reinforces 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 3,346 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, 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. Design was started in 2007 to again upsize these pumps. 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. 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 and 10 million-gallon ground storage tanks are located near the cities of Norcross,

Buford, Grayson, 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.

Customers of the Water System. As of December 31, 2007, the Water System had 234,447 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 2000 through 2007:

**water consumption
2000 – 2007**

Year	Gwinnett County Consumption		Out-of-County Consumption	Total Average Daily Consumption
	Retail	Wholesale	Wholesale	
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
2006	73.13	2.62	1.32	77.07
2007	80.67	2.95	1.46	85.08

Non-revenue water that is due to water system losses, fire flows, meter under-reporting, and other causes, was approximately 14 percent between 1997 and 2001. Due to these same factors, the 12-month rolling average value for non-revenue water was 15.1 percent in 2001, 13.8 percent in 2002, 17.5 percent in 2003, 17.7 percent in 2004, 12.9 percent in 2005, and 13.7 percent at the end of 2006. At the end of 2007, non-revenue water was 7.5 percent which is below the targeted 12 percent.

The following tables show the 10 largest retail and wholesale customers of the Water System during the 12 months ended December 31, 2007. Total water usage during the 12 months ending December 31, 2007, was 29,443,955 gallons, generating \$125,765,370 in usage revenues (excluding late fees). No single retail customer accounted for more than .66 percent of total Water System usage revenues in 2007, and the 10 largest retail customers together accounted for 2.66 percent of such revenues. No single wholesale customer accounted for more than 1.9 percent of total Water System usage revenues in 2007, and the 10 wholesale customers together accounted for 4.2 percent of such revenues.

water use: 10 largest retail water customers – 2007

Customer	Thousands of Gallons-Per-Year	mgd	Total Revenues Received
Gwinnett County Board of Education	240,754.7	0.66	\$834,576.05
Gwinnett County Government	210,675.7	0.58	734,538.55
Publix	132,100.0	0.36	457,247.18
Aspen Square Management	85,367.6	0.23	295,839.90
Phillips State Prison	63,249.1	0.17	218,841.32
OFS – Brightwave	54,912.5	0.15	190,453.26
Quality Technology Services	51,424.9	0.14	179,114.19
MTS Sweetwater Road	43,555.9	0.12	150,894.54
Cottonwood Bristol PT Management Association	42,123.7	0.12	146,706.35
	39,476.1	0.11	136,779.13
TOTAL	963,640.2	2.64	\$ 3,344,990.47

water use: wholesale water customers – 2007

Customer	Thousands of Gallons-Per-Year	mgd	Total Revenues Received
City of Lawrenceville	764,324.0	2.09	\$ 2,444,440.97
City of Braselton	302,945.9	0.83	1,050,934.89
City of Norcross	299,711.5	0.82	947,647.33
City of Auburn	142,603.8	0.39	494,533.40
City of Loganville	53,606.6	0.15	188,197.79
Walton County Water	32,768.0	0.09	113,709.30
City of Buford	15,513.1	0.04	54,132.30
City of Suwanee	142.8	0.00	495.54
City of Gainesville	22.0	0.00	76.34
Barrow County	1.8	0.00	6.25
TOTAL	1,611,639.5	4.41	\$ 5,294,174.11

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 December 12, 2000. The Board of Commissioners has subsequently adopted rate increases effective in 2005; January 1, 2006; January 1, 2007; and January 1, 2008 (see *schedules that follow*). 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 2008	Effective January 1, 2009	Effective January 1, 2010
\$3.66/1,000 gallons	\$3.86/1,000 gallons	\$4.11/1,000 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 2008	Effective January 1, 2009	Effective January 1, 2010
\$0.92/1,000 gallons	\$0.97/1,000 gallons	\$1.03/1,000 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 2008	Effective January 1, 2009	Effective January 1, 2010
\$3.66/1,000 gallons	\$3.86/1,000 gallons	\$4.11/1,000 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 2008	Effective January 1, 2009	Effective January 1, 2010
\$4.58/1,000 gallons	\$4.83/1,000 gallons	\$5.14/1,000 gallons

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

Current 2008	Effective January 1, 2009	Effective January 1, 2010
\$3.66/1,000 gallons	\$3.86/1,000 gallons	\$4.11/1,000 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. This settlement agreement was appealed by Florida and Alabama to the Washington D.C. Circuit Court of Appeals. A three-judge panel of the D.C. Circuit Court determined on February 5, 2008, that the hydropower compensation settlement agreement exceeded the Army Corps of Engineers' authority, thus overturning the decision by the D.C. District Court. As a consequence, Gwinnett County is relieved of the accumulated contingent liability of the difference in a) payments for actual raw water amounts used at \$18.80 per million gallons, and b) the \$1,780,000 annual payment for storage since 2003.

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, 103 mgd, 90 mgd, 98 mgd, 112 mgd, 118 mgd, and 110 mgd for the years 2001 – 2007, respectively. 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 US 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.

Several ACF cases were consolidated in March 2007 by order of the Judicial Panel on Multidistrict Litigation. The multidistrict litigation combines the following cases with the 1990 litigation on the ACF referenced above: Georgia's 2001 lawsuit against the U.S. Army Corps of Engineers challenging the Corps' denial of a request to reallocate storage in Lake Lanier for long-term water supply; Georgia's 2006 litigation against the U.S. Army Corps of Engineers challenging the Corps' interim operating plan for the ACF system; and Florida's 2006 filing against the U.S. Fish and Wildlife Service with the State of Georgia. The consolidated case is proceeding in the middle District of District presided over by a judge assigned from Minnesota.

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 project-

the sewerage system

sewerage system capacity and usage in 2007

ed 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 treatment facilities of the System (the "Sewerage System") consist of five major and two 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 71.62 mgd.

Treatment of Wastewater. Gwinnett County's total owned and contracted wastewater treatment capacity is currently 71.62 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 Water Resources Laboratory providing chemical and microbiological analyses ensures the WRFs provide consistent reporting and monitoring to the regulators. Additional laboratory services include monitoring and enforcement of industrial pretreatment requirements, and ambient water quality monitoring of the streams and rivers within the county as needed. Separate process control laboratories are also maintained at each WRF to monitor plant performance and provide data for process control decisions.

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. The following table shows the permitted capacity in mgd of each treatment facility and the approximate usage for each during 2007.

Wastewater Treatment Facility	Permit	ADMMF	AADF
F. Wayne Hill Water Resources Center	29.0	19.20	17.80
Crooked Creek WRF	16.0	12.30	13.70
Yellow River WRF	13.5	10.20	9.10
Pole Bridge WPCF ⁽¹⁾	5.0	4.90	4.20
Beaver Ruin WRF	4.5	3.30	3.10
Jackson Creek WRF	3.0	2.80	2.50
Jacks Creek WRF ⁽²⁾	0.62	0.48	0.44
TOTAL System	71.62	52.76 ⁽³⁾	50.84

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

(2) Facility capacity re-rated from 1.0 mgd to 0.63 mgd in November 2006.

(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.

The County reports the number of National Pollutant Discharge Elimination System (NPDES) permit violations experienced by the County's WRFs were zero, zero, one, zero two, and zero for the years 2002 through 2007 respectively. Additionally, Gwinnett County WRFs have won a total of 102 awards from the National Association of Clean Water Agencies and the Georgia Association of Water Professionals in the years 2001 through 2007, including Platinum Awards for five WRFs for five consecutive years with no permit violations. In 2001 and 2002, Jackson Creek WRF and in 2006, the F. Wayne Hill Water Resources Center (FWH WRC) were selected as **Plant of the Year** in their size categories by the Georgia Association of Water Professionals.

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 first phase of the \$645 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 SR 20, I-85, and I-985. The additional acreage outside the Center provides buffered areas and space for the Gwinnett County Environmental & Heritage Center. The initial 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. In April 2006, the County received a permit to temporarily increase the permitted discharge to the Chattahoochee River from 20 mgd to 29 mgd. This increase will remain in effect until the effluent pipeline to Lake Lanier is complete. In late 2005, construction was completed on an additional 40 mgd of treatment capacity at the FWH WRC. The additional capacity will bring the total water reclamation capacity of the F. Wayne Hill WRC to 60 mgd. The 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. In November 2006, 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 FWH WRC will begin to discharge to Lake Lanier when the pipeline to the Lake is complete in 2009.

Collection System. Gwinnett County has approximately 2,595 miles of sewers ranging in size from eight inches to 72 inches in diameter, and approximately 240 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 2007, 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 status report

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 the unexercised options. The following table shows the approximate remaining open commitments of these agreements as of December 31, 2007.

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
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	0.095

Source: Gwinnett County Department of Water Resources

Customers of the Sewerage System. As of December 31, 2007, the Sewerage System had 141,807 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 2007. Total sewer usage during 2007 was 17,317,327.5 gallons, generating \$72,049,111.38 in usage revenues (excluding late fees). No single retail user accounted for more than 1.23 percent of total Sewerage System revenues in 2007, and the 10 largest users together accounted for 4.5 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 0.39 mgd of wastewater in 2007 and was billed \$426,944.62. The City of Norcross produced 0.84 mgd of wastewater in 2007 and was billed \$779,113.13. These two wholesale customers accounted for 1.67 percent of the total Sewerage System revenues.

10 largest retail sewerage users – 2007

Customer	Thousands of Gallons Per Year	mgd	Total Revenues Received
Gwinnett County Board of Education*	212,955.8	0.58	\$ 888,025.67
Gwinnett County Government	118,339.1	0.32	512,602.74
Publix	91,253.3	0.25	380,526.26
Aspen Square Management	85,367.7	0.23	355,619.09
Phillips Correctional Institute	63,249.1	0.17	262,375.18
MTS Sweetwater Road	43,555.9	0.12	181,326.15
Cottonwood Bristol Management Association	41,051.5	0.12	171,036.51
Las Colinas	39,410.0	0.11	164,236.57
Bridgwater Apartments	33,530.0	0.09	139,563.58
Totals	768,188.5	2.10	\$3,219,676.40

* 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.

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

volume sewer charge

Effective January 1, 2008	Effective January 1, 2009	Effective January 1, 2010
\$4.52/1000 gallons	\$4.91/1000 gallons	\$5.38/1000 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 Water Resources 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 pres-entation included in the Official Statement for each Bond Issue. The following table provides a summary of combined operating results:

	2007	2006	2005	2004	2003
Operating Revenues:					
Residential and commercial service	\$191,790	\$178,179	\$170,187	\$155,209	\$145,625
Wholesale service	9,135	4,446	4,711	5,725	4,621
Public fire protection charges to other funds	442	391	412	392	378
Connection charges	1,593	2,489	2,795	3,375	3,248
Intergovernmental	-	-	-	-	115
Miscellaneous	3,490	7,319	1,462	1,692	4,746
Total operating revenues	206,450	192,824	179,567	166,393	158,733
Operating Expenses:					
Water production	14,082	14,290	13,238	12,718	14,332
Distribution and collection	25,990	24,389	27,174	26,770	26,302
Engineering	6,430	7,504	7,164	6,837	6,360
Reclamation	26,988	26,189	24,835	23,799	22,193
Depreciation and amortization	63,123	64,304	46,277	36,570	32,939
General and administrative	21,323	12,941	11,970	10,039	9,858
Total operating expenses	157,936	149,617	130,658	116,733	111,984
Operating income	48,514	43,207	48,909	49,660	46,749
Nonoperating Revenues (Expenses):					
Interest income	5,455	10,189	6,742	2,790	6,328
Change in fair value of investments	703	1,926	(2,169)	(515)	(1,489)
Interest expense	(33,986)	(24,800)	(26,367)	(27,141)	(22,312)
Loss on sale of fixed assets	(6,500)	(1,060)	(628)	(1,844)	(16,292)
Income before operating transfers	14,186	29,462	26,487	22,950	12,984
Capital contributions ⁽¹⁾	89,210	93,105	155,710	93,117	60,867
Transfers in	881	318	196	145	1,215
Transfers out	(10)	(88)	-	-	-
Net income	104,267	122,797	182,393	116,212	75,066
Add depreciation on fixed assets acquired as capital contributions	N/A	N/A	N/A	N/A	N/A
Increase in net assets	104,267	122,797	182,393	116,212	75,066
Net assets, as previously reported				1,412,426	1,337,360
January 1					
Restatement				181,702	
January 1 restated	2,015,530	1,892,733	1,710,340	1,594,128	
Net assets, December 31	\$2,119,797	\$2,015,530	1,892,733	\$1,710,340	\$1,412,426

(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 1997, 1998, 2002, 2003b, 2004, 2005, and 2006 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, 2005, and 2006 Bonds and any Additional Bonds or Obligations issued therewith. A portion of the 2002 Bonds were legally defeased with the proceeds of the 2006 Bonds.

The Water and Sewer Authority issued \$121,375,000 in refunding bonds ("2006 Refunding Bonds") on March 9, 2006. The 2006 Refunding Bonds were issued to 1) refund the 2002 Bonds in part and 2) pay costs related to the issuance of the Bonds. The 2006 Refunding Bonds were issued at a True Interest Cost of 4.3846 percent and resulted in net present value savings of \$4.9 million or 4.176 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, 1998, 2002, and 2003. All Second Lien Bonds issued in 2004, 2005, and, 2006 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, 1998, 2002, 2003b, 2004, 2005, and 2006 are as follows:

Bond Year Ending December 31	First Lien				Second Lien		
	Debt Service Requirements 1994	Debt Service Requirements 1998	Debt Service Requirements 2002	Debt Service Requirements 2003 (b)	Debt Service Requirements 2004	Debt Service Requirements 2005	Debt Service Requirements 2006*
2008	28,724,999	2,068,500	142,500	9,548,188	3,564,240	10,474,744	5,491,446
2009	28,720,000	-	142,500	9,548,188	3,975,762	10,474,744	5,493,046
2010	28,735,000	-	142,500	9,548,188	4,800,200	12,694,744	5,494,609
2011	-	-	1,642,500	18,948,188	4,800,200	34,588,844	5,495,769
2012	-	-	2,082,500	18,953,188	4,800,200	34,569,844	5,491,319
2013 – 2017	-	-	-	94,753,701	24,000,000	172,659,390	37,901,232
2018 – 2022	-	-	-	94,753,626	87,467,200	74,471,613	61,685,376
2023 – 2025	-	-	-	56,851,750	56,736,400	-	70,619,861
Total	\$86,179,999	2,068,500	4,152,000	312,905,017	190,143,602	349,933,223	197,672,658

* The Series 2002 Bonds were partially defeased with the proceeds from the 2006 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 1998, 2002, 2003b, 2004, 2005, and 2006 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; four percent thereafter.

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

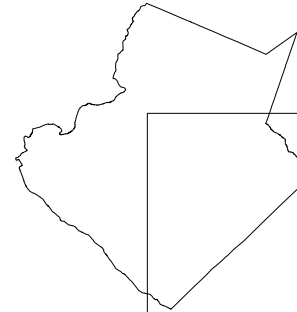
Rule Sec.	Description	Series 1998	Series 2002	Series 2003b	Series 2004	Series 2005	Series 2006
(C)(1)	Principal and interest payment delinquencies	None	None	None	None	None	None
(C)(2)	Non-payment related defaults	None	None	None	None	None	None

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

Rule Sec.	Description	Series 1998	Series 2002	Series 2003b	Series 2004	Series 2005	Series 2006
(C)(1)	Principal and interest payment delinquencies	None	None	None	None	None	None
(C)(2)	Non-payment related defaults	None	None	None	None	None	None
(C)(3)	Unscheduled draws on debt service reserves reflecting financial difficulties	None	None	None	None	None	None
(C)(4)	Unscheduled draws on credit enhancements reflecting financial difficulties	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
(C)(6)	Adverse tax opinions or events affecting the tax-exempt status of the security	None	None	None	None	None	None
(C)(7)	Modifications to rights of security holders	None	None	None	None	None	None
(C)(8)	Bond calls	None	None	None	None	None	None
(C)(9)	Defeasances	Partial	Partial	None	None	None	None
(C)(10)	Release, substitution, or sale of property securing repayment of the securities	None	None	None	None	None	None
(C)(11)	Ratings changes	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

other information

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



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