

- executive summary

This section provides an overview of the budget and County government financing. Included are the transmittal letter; an outline of policies and procedures; a statement of our mission, goals, and objectives for 2012; an explanation of the budget process; the overall financial status of the County, including a graph depicting a history of revenues and expenditures; debt management information; a discussion of short-range issues as well as long-range issues; the budget resolution; a schedule of graphs comparing source of revenues and use by category combined for all funds; history of authorized positions combined for all funds; and a history of millage rates and tax digest.

January 3, 2012

Dear Stakeholders and Citizens of Gwinnett County:

It is our privilege to present the 2012 fiscal year budget and financial plan as adopted by the Gwinnett County Board of Commissioners on January 3, 2012. This comprehensive document is the result of Citizens, Elected Officials, Constitutional Officers, Administration, and County Staff working together to prepare a financial plan that allows us to carry out the County's Mission, Vision, and Values while maintaining the high standards of service to the community.

Overview

The financial impacts of the recent recession have been tremendous. However, our history of fiscal responsibility and our ability to anticipate change has enabled Gwinnett County to maintain high levels of services despite economic uncertainty. Gwinnett continues to stay ahead of the curve, and efforts to relieve pressure on tax-supported funds began before the housing market decline. Despite the current economic decline, the County has maintained our core services and the residents' quality of life. We continue to live within our means through proactive management of the County's financial plan with conservative budgeting.

Perhaps the most noticeable impact of the recession on County finances has been the declining property tax digest. For many years, Gwinnett experienced a growing tax digest. Beginning in 2008, the growth began to slow and has continued to decline since 2009. The digest is projected to decline through 2013.

Mission

The Gwinnett County Government will deliver superior services in partnership with our community.

Vision

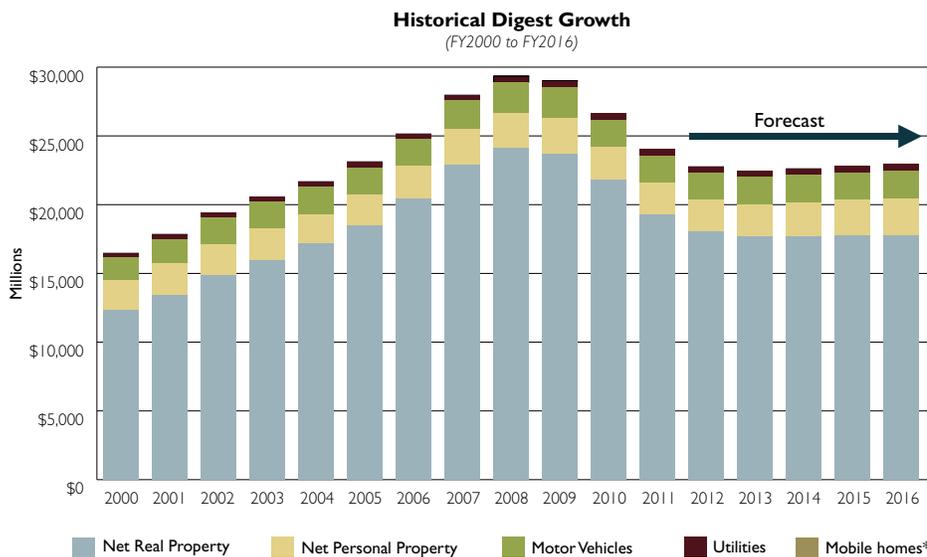
Gwinnett County sets the standard as a dynamic, vibrant community where all people can enjoy essential economic opportunities, safe neighborhoods, plentiful greenspace, and recreational facilities. We are committed to partnering with others in our community who share a dedication to making life better for our citizens.

Values

- We believe in honesty, fairness, and respect for all.
- We believe in stewardship of public resources, protection of the environment, and that all citizens should expect to live and work in a clean and secure community.
- We value excellence, creativity, innovation, and new technologies and ideas.
- We believe that our government must be customer-focused, fiscally-responsible, and deliver services that are among the best in the nation.

Objectives in 2012:

- Meet state/federal mandates
- Fund priority core services
- Balance the budget without a tax increase
- Complete a comprehensive five-year financial review



Even with a declining digest, the County was able to eliminate a debt-service levy of .23 mills, reducing the total millage rate from 13.25 to 13.02 for 2011. As a result of the decrease in millage rate as well as lower property tax values, many residents experienced a decrease in their tax bill.

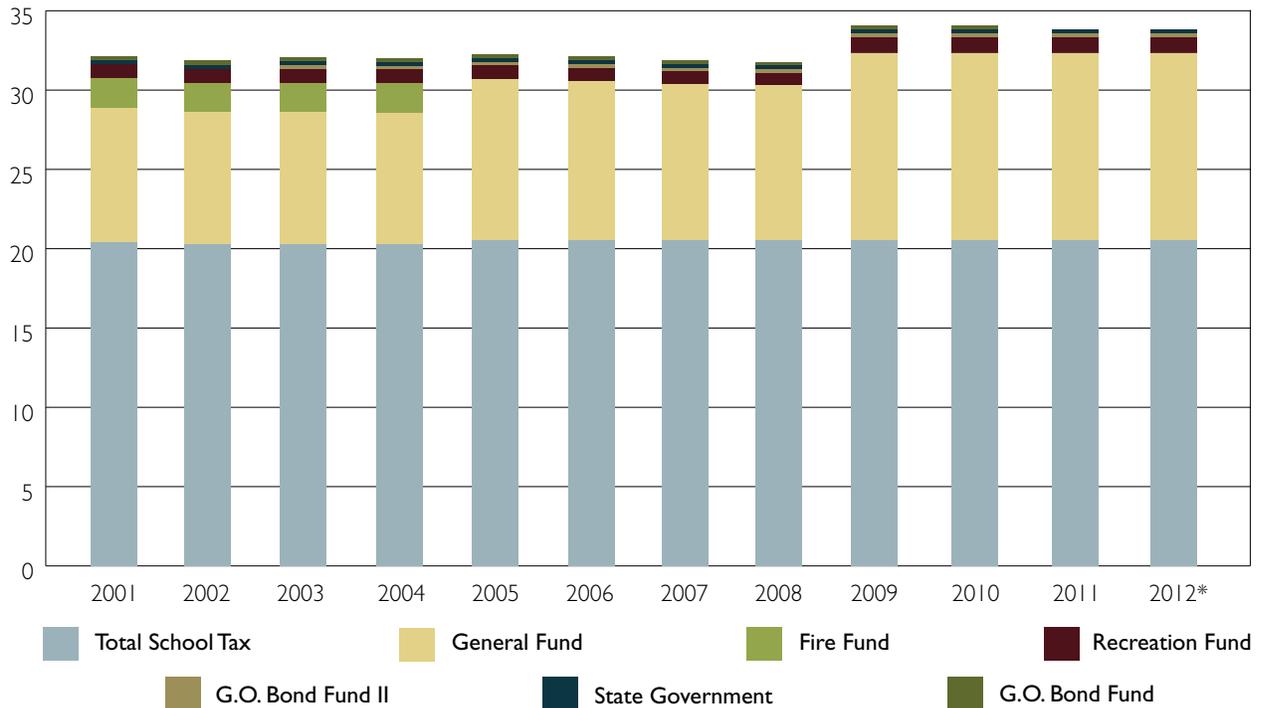
Tax-Related Funds

Real and Personal Property Tax Rates FY 2001 – 2012 (mills)

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012(*)
General Fund	8.43	8.30	8.29	8.27	10.14	10.00	9.81	9.72	11.78	11.78	11.78	11.78
Fire Fund	1.90	1.87	1.87	1.87	-	-	-	-	-	-	-	-
Recreation Fund	0.86	0.85	0.85	0.84	0.84	0.82	0.80	0.79	1.00	1.00	1.00	1.00
G.O. Bond Fund	0.30	0.30	0.24	0.24	0.24	0.23	0.23	0.22	0.23	0.23	-	-
G.O. Bond Fund II	-	-	0.25	0.25	0.25	0.25	0.24	0.24	0.24	0.24	0.24	0.24
Total County Tax	11.49	11.32	11.50	11.47	11.47	11.30	11.08	10.97	13.25	13.25	13.02	13.02
School M & O	18.62	18.62	18.87	18.87	19.25	19.25	19.25	19.25	19.25	19.25	19.25	19.25
School Bonds	1.80	1.68	1.43	1.43	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30
Total School Tax	20.42	20.30	20.30	20.30	20.55							
State Government	0.25											
Total Property Tax	32.16	31.87	32.05	32.02	32.27	32.10	31.88	31.77	34.05	34.05	33.82	33.82

(*) This millage rate is an estimate. The actual rate may be different upon adoption due to possible changes in property tax values that occur in 2012.

Total Property Tax Rates FY 2001 – 2012 (mills)



(*) This millage rate is an estimate. The actual rate may be different upon adoption due to possible changes in property tax values that occur in 2012.

Many of our citizens are facing difficult financial times, and Gwinnett County is also addressing challenges due to the continued decline in the ad valorem tax digest, which represents a decrease in revenue needed to fund expenses. With that in mind, the Chairman's Citizen's Budget Review Committee members, Laurie McClain, Lois Love, Norwood Davis, Herman Pennamon, David Crews, and participating departmental and agency representatives were guided by the 2012 goals during this year's budget planning process.

The goals included compliance with state and federal mandates, funding priority core services, balancing the budget without a millage rate or tax increase, and completing a comprehensive five-year financial review. In order to meet those goals the 2012 budget process included a modified zero-based budget method that required all departments and agencies to justify their requests for funding.

The 2012 budget highlights included a \$4.4 million dollar increase in the insurance premium tax distribution from the state of Georgia, no new positions, no employee pay raises and a continuation of the 90-day job vacancies policy.

Initiatives to accomplish the 2012 budget goals include:

- A reduction of the number of vehicle replacements and extension of the life of existing vehicles
- Elimination of the County contribution for pay-as-you-go capital projects by utilizing available fund balance within the capital project funds to accomplish the needed maintenance of assets
- A reduction in contribution to workers' compensation and risk fund

Additional information related to the fiscal year 2012 budget process can be found on the County website at www.gwinnettcountry.com on the [Your Money](#) page.

Financial Highlights

The fiscal year 2012 adopted budget includes a combined operating budget of \$898.4 million and a combined capital budget totaling \$429.9 million.

The table below provides a summary of the adopted budget by fund type.

Summary of Fiscal Year 2012 Budget by Fund Type

	Operating Budget	Capital Budget	Total	% of Total
Tax Related Funds	\$ 437,730,172	\$ 41,698,018	\$ 479,428,190	35%
Special Revenue Funds	\$ 38,288,501	\$ 216,448,371	\$ 254,736,872	18%
Enterprise Funds	\$ 360,727,734	\$ 174,754,040	\$ 535,481,774	39%
Internal Service Funds	\$ 114,618,459	\$ -	\$ 114,618,459	8%
Total Gross budget	\$ 951,364,866	\$ 432,900,429	\$ 1,384,265,295	
Less Indirect Cost	\$ 52,986,033	\$ 2,942,817	\$ 55,928,850	
Total Net Budget	\$ 898,378,833	\$ 429,957,612	\$ 1,328,336,445	

The Business Planning Process connects strategy and core services to the budget and the decision making process.

The budget is the annual financial plan resulting from the business planning process. During the business planning process each department examines their services to determine if the services are:

- Aligning with the strategic direction of the County, as defined in Gwinnett's 2030 Unified Plan
- Providing services "core" to the mission of the government
- Achieving outcomes relative to the resources allocated

This process provides the basis for all stakeholders to understand the expected results and for policymakers to make decisions in a more informed manner. In light of the economic downturn, the Business Planning Process provides the framework needed to appropriately plan for the allocation of limited resources.



Tax-related funds include the General, General Obligation Debt Service, Recreation, Capital Project and Vehicle Replacement Funds. The General Fund is the primary and largest operating fund, accounting for the majority of government operations such as Police, Fire and Emergency Services, and Courts. The adopted General Fund operating budget totals \$403.5 million. The tax-related funds have a combined operating budget of \$437.7 million and a combined capital budget of \$41.7 million.

Special revenue funds account for restricted revenues and have a combined adopted operating budget of \$38.3 million and a combined capital budget of \$216.4 million. These funds include capital projects related to Special Purpose Local Option Sales Tax (SPLOST) proceeds.

Enterprise funds account for \$360.7 million of the total operating budget and \$174.8 million of the total capital budget. These funds consist of operations funded primarily from user fees and charges. Enterprise operations are managed and operated much like private sector businesses. They also require significant investment in plant, equipment, and infrastructure to deliver services.

Internal service funds provide services exclusively for County operations, including auto liability, fleet management, group self-insurance, risk management, workers compensation, and administrative support. The County implemented a cost allocation plan which is aimed at deriving the total cost of providing services. To facilitate this approach, a new internal service fund, entitled Administrative Support, has been created and contains the activities of all central support departments: Information Technology Services; Support Services; Human Resources; Law; Financial Services, with the exception of Tax Assessor; and County Administration, with the exception of the County Clerk and Board of Commissioners. These activities are funded by indirect cost charges to all other funds receiving benefits. The adopted internal service funds budget totals \$114.6 million.

The following table shows the history of the budget each year for the last four years:

Year	Operating Budget**	% chg.	Capital Budget**	% chg.	Total Budget	% chg.
2012	\$898,378,833	-3.5%	\$429,957,612	-27.5%	\$1,328,336,445	-12.8%
2011*	\$930,600,259	-7.1%	\$592,809,017	7.0%	\$1,523,409,276	-2.0%
2010*	\$1,001,326,590	13.1%	\$553,772,270	-16.9%	\$1,555,098,860	.02%
2009*	\$885,039,440	2.2%	\$666,590,687	-13.9%	\$1,551,630,127	-5.4%

*Reconciliation Budget

**Excluding indirect costs

Balancing the General Fund

After facing a \$35 million deficit in the General Fund, departments were requested to evaluate their core services and submit a modified zero-based budget to assist in finding ways to eliminate the deficit. Other means of eliminating the deficit included implementing the Citizen's Budget Review Committee reductions, the elimination of the planned contribution to capital, reduced contributions to the Workers' Compensation and Risk Management Funds, reductions to the Vehicle Purchasing Fund through extending the life cycle of the existing fleet, continuation of the 90-day job vacancy program, and no compensation increases.

We were successful in eliminating the deficit within the General Fund and were pleased to adopt the fiscal year 2012 budget without the use of fund balance.

Status of General Fund Reserves

The County continues to maintain a minimum reserve in the General Fund equal to two months of the annual operating budget. In 2011, the Board of Commissioners approved a Budget Stabilization Reserve of \$24.4 million. The purpose of this new reserve is to provide the ability to maintain existing levels of service over the next three fiscal years. The balance may be used each year (2011, 2012, and 2013) in amounts not to exceed 33 percent per year.

Key Priorities and Challenges

State Mandates

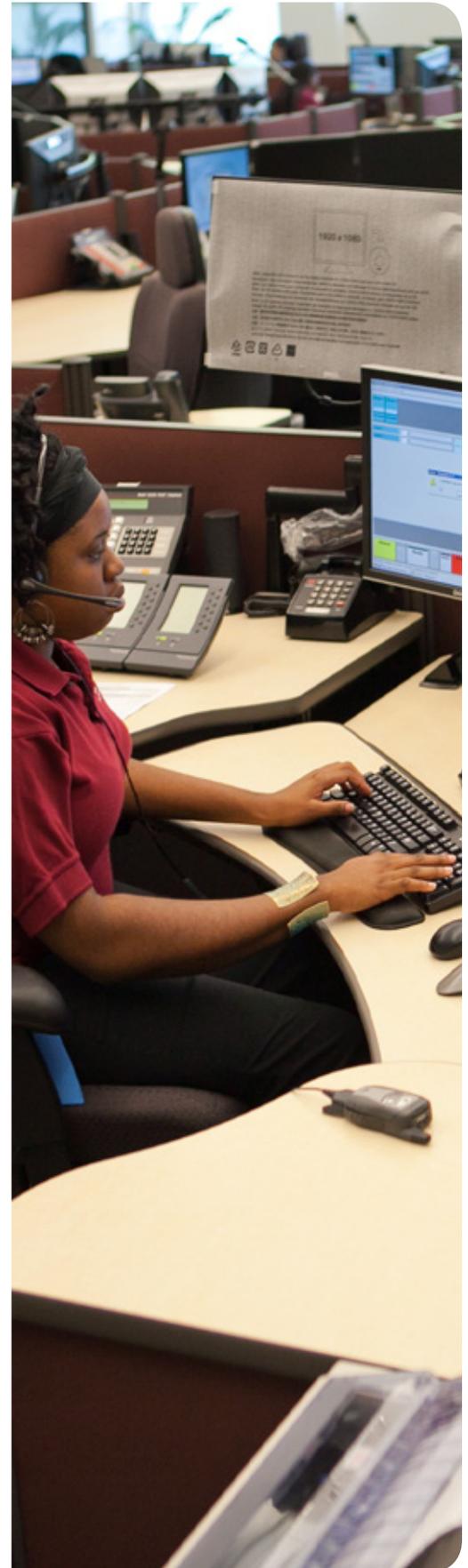
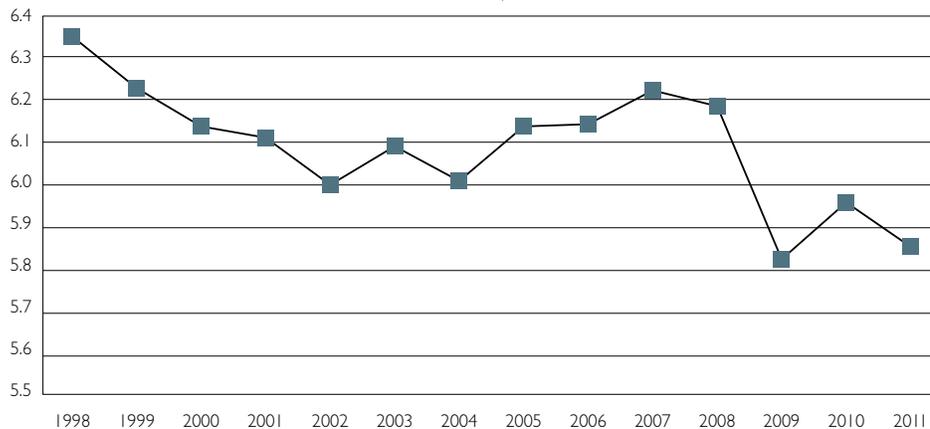
Due to a state-mandated change to Georgia firearms permits, the 2012 budget includes a \$70,000 increase in appropriations for the Probate Court.

Staffing Levels

While Personal Services represents a large portion of the County's operating budget, the ratio of authorized positions to population continues to be lower than it was 13 years ago and has declined significantly since 2008. This presents the challenges of maintaining the same level of services with fewer employees and less funding for other operational costs. See **Section IV – Departmental Information**, for more specific information on each department's challenges and goals.

Ratio of Authorized Positions Per 1,000 Population

Source: Gwinnett County Financial Services



Gwinnett County Authorized Position History

Agency (*)	Group (**)	2006 (***)	2007 (***)	2008 (***)	2009 (***)	2010 (***)	2011 (***)	2012 Adopted
Clerk of Court	Courts & Sheriff	93	97	99	106	107	105	105
Clerk of Recorder's Court	Courts & Sheriff	16	17	17	17	17	17	17
Community Services	Comm. Services	241	251	269	229	245	242	238
Corrections	Public Safety	142	142	142	125	139	134	134
County Administration	General Government	19	34	34	38	35	35	35
District Attorney	Courts & Sheriff	87	89	97	103	103	103	103
Financial Services	General Government	177	176	172	124	119	124	124
Fire Services	Public Safety	713	757	766	784	844	844	844
Human Resources	General Government	32	32	32	25	35	36	36
Information Technology	General Government	0	0	78	109	116	116	116
Judiciary/Court Administration	Courts & Sheriff	83	88	92	94	94	98	98
Juvenile Court	Courts & Sheriff	59	61	61	61	61	61	61
Law	General Government	20	18	18	10	14	16	16
Planning & Development	Public Works	143	153	154	66	77	76	76
Planning & Development/Fire	Public Safety				4	4	0	
Police Services	Public Safety	951	1013	1048	1041	1066	1065	1065
Probate Court	Courts & Sheriff	20	22	22	22	21	21	21
Water Resources****	Public Works	606	608	623	608	577	576	576
Recorder's Ct. Judges	Courts & Sheriff	9	9	9	9	9	9	9
Sheriff	Courts & Sheriff	621	686	688	701	706	706	706
Solicitor	Courts & Sheriff	48	53	54	54	54	54	54
Support Services	General Government	211	195	112	103	108	106	106
Tax Commissioner	General Government	118	118	118	118	118	118	118
Transportation	Public Works	175	177	177	156	148	143	143
Total		4,584	4,796	4,882	4,707	4,817	4,805	4,801
Unallocated	General Government	2	2	11	11	10	10	10

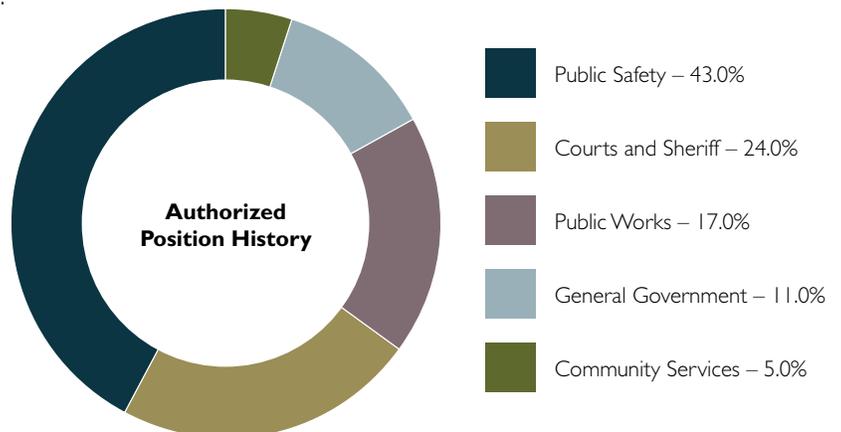
Positions are full-time regular employees and permanent part-time employees.

(*) Grants and capital positions are included in this chart.

(**) Groups are represented in the pie chart.

(***) As of December 31.

(****) Formerly Public Utilities.



Accrued Liabilities

A challenging area for the County, like other governments, has been funding our Defined Benefit Pension and OPEB (Other Post Employment Benefits) plans. Beginning in 2007, the County closed the DB pension plan to new employees and committed to amortize the unfunded liability over 20 years, the projected service time of remaining participants. The combination of the challenging investment environment and retirements results in an increased percentage contribution from remaining participants. However, with the County commitment to reduce the unfunded pension and OPEB liabilities and increase the funding ratio of these plans, budget savings in recent years have been contributed to pay down accrued liabilities.

Workforce Health

Rising healthcare costs continue to affect county government in several areas. Gwinnett County is addressing this issue in a multi-faceted approach. One aspect of that approach is providing Wellness Promotion and Disease Management Services. Another aspect is to reduce contracted health care costs. In October, 2011, the Board of Commissioners approved contracts with five insurers to provide health care coverage to employees and retirees in 2012, resulting in a savings of approximately \$5.2 million over the previous plan year.

According to a recent report released by the actuarial consulting firm, Milliman, the cost of health care has more than doubled for American families over the past 10 years. Gwinnett County strives to offer affordable and effective health benefit options to employees and retirees.

Gwinnett County expanded its existing employee wellness program in 2009 to offer professional Disease Management services and additional wellness-related services, including access to a state-of-the-art website that provides valuable tools to assist employees with improving and maintaining their health. Since 2009, Wellness and Disease Management programs have been provided by Alere, a national leader in the field of health management. The County's contract with Alere includes options to renew through 2013.

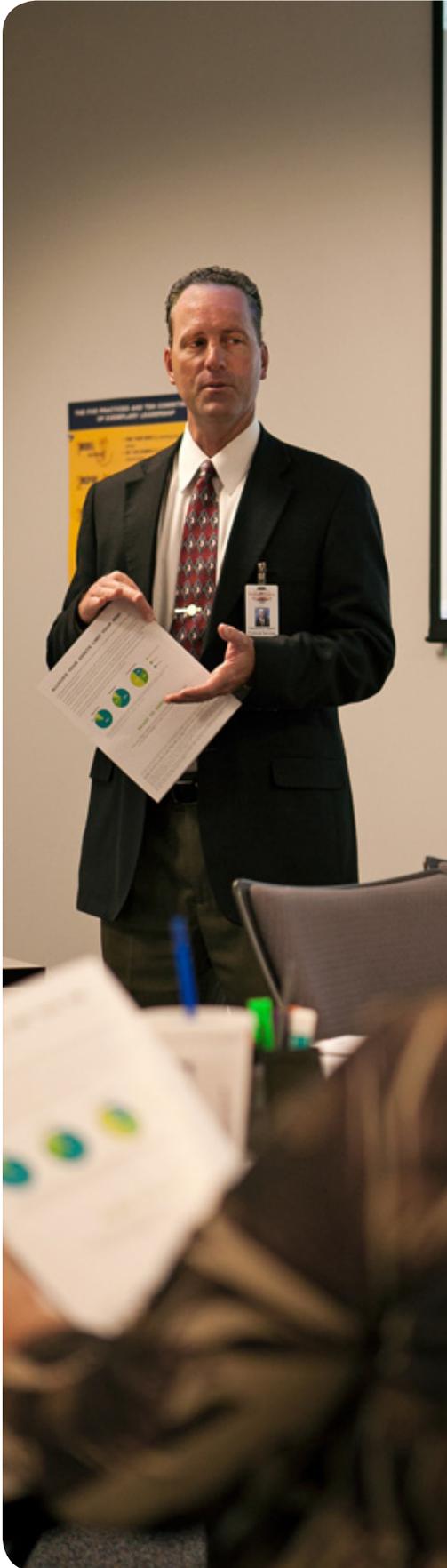
The wellness component of the program teaches employees to treat their health as a valuable commodity. Individuals are encouraged to notice, research, and proactively address medical risk factors as they appear, rather than waiting to seek medical care after the development of undeniable symptoms. If stricken with a major illness, the Disease Management component of the program assists employees and family members with finding the most effective and reasonable treatment available to them, based on the terms of the health insurance plan.

Medical studies have consistently confirmed that effective wellness and disease management programs are rewarding to employees and employers. Participation improves the health of employees, and, therefore, the quality of their lives. Additionally, significant participation results in lower health claim costs for the patient and the County.

Employers who offer even modest wellness programs achieve an average return on investment (ROI) of 3:1. For every \$1 spent on wellness and disease management programs, employers save \$3 in medical claim expenses. Employers offering more progressive programs, such as the one offered by Gwinnett County, see more rewarding ROIs.

It is less costly to attain and maintain good health than it is to pay for treatment of chronic illnesses. Understanding this, the County seeks to lower claim costs and improve on job presence and performance by continuing to provide employees with the excellent wellness program currently in place.





Leadership and Succession Planning

To further identify leadership talent within our organization, Gwinnett County is committed to succession planning. Succession planning is an ongoing process of identifying, assessing, and developing talent to ensure leadership and management continuity throughout an organization. Succession planning is a subset of workforce planning in which critical positions are targeted and staff are prepared to qualify for the targeted positions. The Department of Human Resources continues to monitor the departmental succession plans and works with departments to increase the management bench strength. This strategic planning tool assists County leaders in a changing workforce.

Lean Program

In an economy where there is less revenue to fund operations, it is becoming more and more imperative that local governments examine their core activities and focus on minimizing costs, reducing waste, and improving inefficient processes. Administrative functions within any organization represent an opportunity for process improvement. We are applying lean techniques to our business activities to gain efficiencies and reduce costs to sustain our operations and deliver greater value to our citizens for their investment within the limitations of our current resources.

Economy

An uncertain economic environment remains in effect for the year 2012. Many economists predict that the year 2012 will be a continuation of the moderate gross domestic product (GDP) growth and decelerating inflation that occurred during the second half of 2011. Job creation is expected to continue, but will not be substantial enough to reduce unemployment to acceptable levels. Additional factors contributing to the nation's uncertain economic future include, but are not limited to, the European debt crisis, a weak housing sector, low consumer confidence, and a weak financial system.

According to Jeffrey Humphreys, director of the Terry College of Business Selig Center for Economic Growth, the state of Georgia faces a greater risk of recession (45 percent) than the U.S. (40 percent) in 2012. Despite the grim outlook for the state, the economic outlook for Gwinnett County is comparatively more positive. Job creating initiatives like Partnership Gwinnett have laid the foundation for the County's increasing economic vitality. Spearheaded by the Gwinnett Chamber, in partnership with the public and private sectors, Partnership Gwinnett is a collaborative initiative committed to job creation and retention in the areas of Healthcare, Information Technology, Supply Chain Management, Professional Services, and Advanced Manufacturing.

The U.S. Bureau of Labor Statistics reported that Gwinnett County experienced a 2.3 percent increase in employment from June 2010 to June 2011, or an increase of approximately 7,000 new jobs. The increase ranked Gwinnett County 33rd nationally among the United States' 322 largest counties and first among major counties in Georgia.

Continuity of Operations/Continuity of Government

Continuity of Operations (COOP) is a strategic plan that establishes policies and guidance to ensure the execution of the mission-essential functions for Gwinnett County in the event that an emergency threatens or incapacitates operations; and the relocation of selected personnel and functions of any essential facilities of Gwinnett County. Specifically, COOP is designed to:

- Ensure that Gwinnett County is prepared to respond to emergencies, recover from them, and mitigate against their impacts
- Ensure that Gwinnett County is prepared to provide critical services in an environment that is threatened, diminished, or incapacitated

- Provide timely direction, control, and coordination to County leadership and other critical customers before, during, and after an event or upon notification of a credible threat
- Establish and enact time-phased implementation procedures to activate various components of the “Plan”
- Facilitate the return to normal operating conditions as soon as practical, based on circumstances and the threat environment
- Ensure that the COOP plan is viable and operational and is compliant with all guidance documents and best practices
- Ensure that the COOP plan is fully capable of addressing all types of emergencies or “all hazards” and that the mission-essential functions are able to continue with minimal or no disruption during all types of emergencies

Triple AAA

Gwinnett continues to garner triple AAA debt ratings from all three rating agencies. The triple AAA rating has been maintained since 1997. This has enabled Gwinnett to incorporate a strong capital improvement program, which encompasses both pay-as-you-go financing and debt borrowings. The County acknowledges both the controllable and uncontrollable factors that influence the bond rating. Wherever possible, plans have been implemented to facilitate the maintenance of the triple AAA rating.

Planning Tools

The County has many planning tools in place to help map out its future. Some of these tools include:

- Comprehensive Parks and Recreation Master Plan
- Open Space and Greenways Master Plan
- Water and Wastewater Master Plan
- Comprehensive Transportation Plan
- 2030 Unified Plan
- Capital Improvement Program
- Six-Year Forecast of Revenues and Expenditures
- Population Forecasts
- Solid Waste Master Plan

As noted above, the County has completed its 2030 Unified Plan. This plan will guide the county’s growth and infrastructure development for decades. It is an innovative roadmap for smart growth in Gwinnett. The 2030 Unified Plan coordinated the updates of the Comprehensive Plan, the Consolidated Plan, and the Comprehensive Transportation Plan.

The County also has a number of initiatives being developed to address long-range issues. Examples of these include a Solid Waste Master Plan, Wellness Program and Disease Management Plan, Succession Planning, Transit Planning Services, an Environmental Sustainability Program, and an Information Technology Strategic Plan.

These long-range planning tools guide County officials in making decisions about land use, public service delivery needs, timing and placement of community facilities, and future revenue streams to fund these needs. These plans attempt to identify key long-range issues that are most likely to affect the County’s growth and propose strategies to use the County’s resources in the most effective manner.

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14 years of triple AAA
Achievement • Accountability • Alignment

achievement

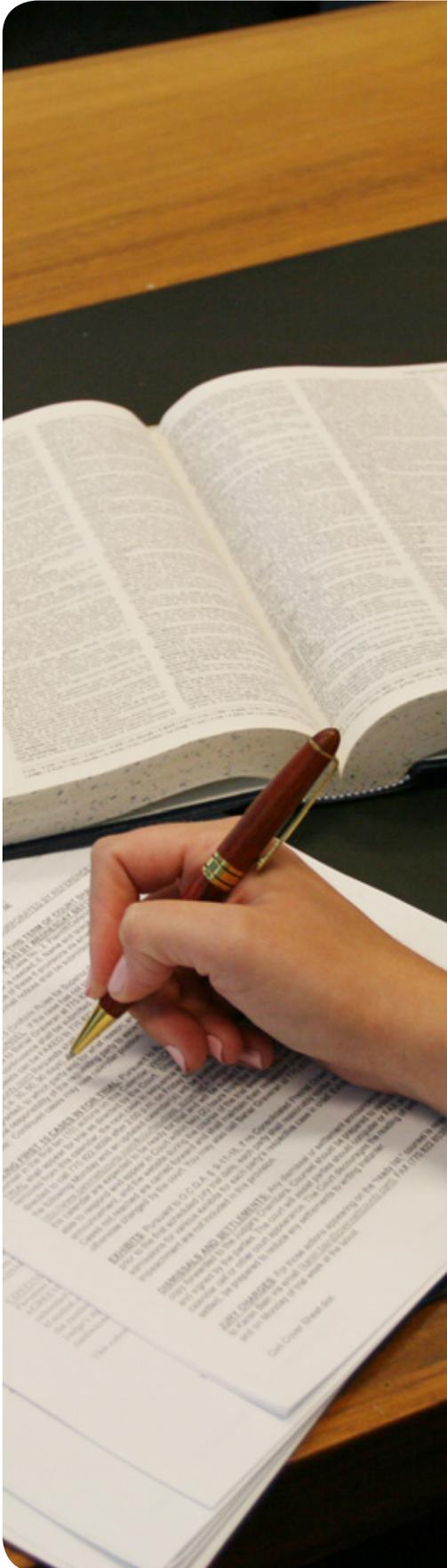
accountability

alignment

Fitch Ratings

Moody’s Investors Services

Standard and Poor’s



Policies and Procedures

Under state law, the Chairman must submit annually a proposed, balanced budget governing expenditures of all County funds, including capital outlay and public works projects, before December 1. The fiscal year runs from January through December. The procedures for budget preparation, submission and review of the governing authority, public review, notice, and hearings are provided in Chapter 81 of Title 36 of the Georgia Code. Compliance with these laws is reflected in the budget process calendar found later in this section.

The Director of Financial Services provides for the financial needs of the County, and is responsible to the Board of Commissioners through the County Administrator and Deputy County Administrator/CFO. The Financial Services Director also acts in a coordinating role for work performed in the Tax Assessor's Office.

Financial practice areas include Accounting, Budgeting, Grants, Debt Administration, Treasury, Investments, Risk Management, and Purchasing. A brief summary of the significant policies and practices of these areas are as follows.

Accounting Practices

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

Beginning with fiscal year 2002, Gwinnett County follows Statement No. 34 of the Governmental Accounting Standards Board. In addition to the fund financial statements, governmentwide statements (including all funds) are presented on the full accrual basis of accounting along with reconciliation to the fund financial statements. The individual funds, however, continue to be maintained on the traditional basis of accounting depending on the fund type.

Governmental funds are maintained on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become measurable and available to pay liabilities of the current period. Revenues not considered available are recorded as deferred revenues. Expenditures are recorded when the liability is incurred.

Proprietary funds and agency funds are maintained using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time goods or services have been received. The focus of accounting for proprietary funds is on determination of net income.

Budgeting Practices

In conformance with O.C.G.A. § 36-81-3, and County Ordinance, the Board of Commissioners adopts an annual balanced budget by formal resolution for the General, Special Revenue, Grant, Internal Service, Enterprise and Capital Funds in use by the County. Further, in conformance with O.C.G.A. § 36-81-2 (14) and County Ordinance, the legal level of control is at the Department level within a Fund, and the annual budget resolution appropriates expenditures at this level.

The Adopted Budget Resolution includes annual operating and capital budgets, and a 5-Year Capital Improvement Plan (CIP). Not included in the annual resolution are fiduciary funds of the Gwinnett County Retirement System and related trust funds.

Balanced budget is defined as when the sum of estimated sources/revenues equals estimated uses/appropriations.

Long-range forecasting: The County has developed five-year forecasts for its primary operating funds to evaluate future financial capacity. Using the estimates, strategies are developed to achieve long-term sustainability of the government's service objectives, balance reserve levels, and prevent identifiable financial challenges.

Revenue estimates are developed on the basis of econometric analysis, however because the County's fiscal year begins on January 1, and property is assessed for tax purposes on January 1, revenue analysis occurs prior to certification of the annual property tax digest. Traditionally, there is an early look at revenues in April, with an updated forecast in August. The digest certification and property tax rate approval is anticipated to occur in the mid-late summer (July or August). As a result, revenues are conservatively budgeted several percentage points below statistical forecasts and adjusted, as necessary, during a mid-year review known as the "Reconciliation" budget.

Operating expenditures are also conservatively estimated with salary and benefit costs based on the grade and step of current employees, operating expenses based on underlying workload measures, and new facility-related costs budgeted on the basis of the month when the facility is expected to open, except in cases when advance hiring is required for training purposes.

Salary, benefit, and pension costs are governed by a **Balanced Compensation Policy** that assures that the total compensation package is reviewed in relation to revenues and all other costs. As part of this annual policy review, a market study is performed comparing salaries of key positions with competing organizations.

For attraction and retention purposes, the County offers a competitive package of employee benefits and retirement, including health insurance, life insurance, dental, prescription drug, and short-term and long-term disability insurance. Health and prescription drug benefits are self-funded and self-insured by the County. Retirement benefits include a defined-benefit plan (closed to new enrollees beginning in 2007), a defined-contribution plan (with several contribution levels matched by County contributions) and retiree health benefits.

Capital budgets include items for which the purchase, construction, or other acquisition will represent a public betterment to the community and add to or maintain the capital assets of the County. The project should have an anticipated life of more than 10 years. It should have a total project cost of \$250,000 over the six-year Capital Improvement Plan (CIP) or \$100,000 on an annual basis. Some types of equipment may constitute a capital project when grouped together. Revenues within capital funds collected in excess of expenditures are carried forward to fund ongoing project needs of the program in subsequent years.

Pay-as-you-go financing is used for as much of the capital improvement plan as affordable, and use of debt is focused on facilities with dedicated revenue streams such as user fees and assessment districts, so that users pay and benefit directly from debt-financed facilities.





Budgetary control of departmental budgets is accomplished through an automated system of preliminary checks of funds availability on an appropriation unit basis (group of accounts).

Budget amendments are considered and adopted by resolution of the Board of Commissioners at formal business meetings except for specific contingencies and allocations from defined reserves when limited authority is delegated to the County Administrator, Deputy County Administrator/CFO, and Director of Financial Services as prescribed within the Adopted Budget Resolution.

The annual **Reconciliation budget review** consists of an analysis of revenue estimates based on the certified digest, the adopted property tax millage rate, collections to date, and anticipated economic conditions. Expenditure budgets are adjusted in line with revised revenue estimates. The Board of Commissioners formally considers and adopts a Budget Reconciliation Resolution which amends the budget.

Reserve policy consists of practices applied to governmental funds and funds with restricted revenue or debt obligations. Governmental funds maintain a fund balance of at least one-twelfth of the budgeted appropriations. Funds that have debt obligations or revenue restrictions require a reserve of one-sixth of the budgeted appropriations. The Water and Sewer operating fund maintains a reserve of one and one-half months of budgeted appropriations. The County also sets aside two months of the budget for the General Fund as a reserve.

Grant Administration Practices

Whenever grants are available from state or federal governments, efforts are made to secure these funds if they fit within the overall plans of the County. Once granted, funds are used prudently in the hopes of renewal unless fulfillment of the requirements proves to be too costly.

Debt Management Practices

When issuing debt, the County meets all state laws and requirements and follows budgetary and fiscal policies to ensure the preservation of a sound financial position and favorable credit rating. See the Debt Summary in this section for additional detail on County practices regarding debt usage.

Investment Policy

Investments are safeguarded in accordance with sound business principles and applicable laws to provide that prudent investment decisions are made in an effort to protect public funds, minimize market and security risks, and maximize use of funds with respect to liquidity and yield. All investments are made in accordance with the laws of the State of Georgia and the County Investment Policy, which was last re-adopted by the Board of Commissioners in May 2006, providing for minimum risks on the basis of protection from fraud or malicious misappropriation. Only authorized personnel within the Department of Financial Services are authorized to make investments from the County's monies, such personnel being the Director of Financial Services, the Director of the Treasury Division, the Investment Manager of the Treasury Division, or Investment Managers hired by the County in accordance with the Investment Policy. All investments are secured.

Risk Management

The County manages its risks by purchasing limited liability coverages and internally sets aside monies for claim settlement in the Risk Management, Auto Liability, and Workers' Compensation Funds. The Risk Management Fund services claims for the County's exposure resulting from liability and county-owned property damage. Auto Liability does the same specifically for damages to non-County-owned vehicles. The Workers' Compensation Fund services claims for employee exposure to injuries. All departments, agencies, and authorities of the County participate in these funds. These internal service funds allocate the cost of providing claims service and payment by charging a premium to each department. These charges are based upon recent trends in actual claims experience of the County as a whole and at the department level.

Purchasing

The Board of Commissioners adopted the Gwinnett County Purchasing Ordinance in early 1995, and amended it in December 2010. Through it, the Purchasing Division establishes dollar limits and buying parameters; describes the accepted methods for source selection including professional services, construction acquisitions, and disposal of property; and explains contracting procedures including bonding, insurance, and vendor performance.

All purchases shall be based on an approved budget for which funds have been allocated. Emergency purchases may be authorized by any department head; however, a letter of justification must be submitted to the Director of Financial Services as soon as practical. Any purchase made under these conditions for which funds have not been budgeted shall be presented to the Board of Commissioners for approval at its next meeting (see *Purchasing Guidelines below*).



Gwinnett County Purchasing Guidelines	
Up to \$4,999.99	Direct placement of order at the discretion of the department head
\$5,000 – \$9,999.99	Minimum of three quotations taken by Purchasing Division personnel
\$10,000 – \$100,000	Minimum of five written quotations by Purchasing Division personnel
Above \$100,000	Solicitation of formal, sealed bids by Purchasing Division personnel. Award of the bids made at a formal meeting by the Board of Commissioners

The Budget Process

Budget Process – Flow Chart

The following chart summarizes the budget process and the various steps leading to the adoption of the 2012 Budget.

	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
Strategic Planning												
Departmental Strategic Planning Meetings			→									
Millage rate adoption for current year					→							
Mid-Year Budget Reconciliation for current year						→						
Budget Development												
Budget prep material prepared and sent out to departments						→						
Departments prepare draft budgets							→					
Budget staff compile draft budget								→				
Chairman convenes Citizens' Budget Review Team									→			
Finalize and adopt												
Chairman finalizes recommendations									→			
Chairman's proposed budget presented to the Board of Commissioners										→		
Chairman's proposed budget published										→		
Budget availability advertised										→		
Board of Commissioners' review and input										→		
Public Hearing											→	
Adoption of the budget												→

Georgia law requires each unit of local government to adopt and operate under a balanced budget. A budget ordinance or resolution is balanced when the sum of the estimated revenues and appropriated fund balances equals appropriations. Arriving at a balanced budget that will allow Gwinnett County to provide necessary services for all of its citizens is an enormous task that involves a lot of time by dedicated County elected officials and staff members.

The Budget Process is the basis for deciding the allocation of scarce resources among various competing alternatives. Typically, the annual budget process begins early in the year, many months before the first recommendation is made to the Board of Commissioners.

The 2012 Budget Process was no different in this regard. As the economic conditions have continued to present challenges as previously discussed, the County has relied upon its budget process as an integrated planning process with the County's 2030 Unified Plan, as well as the Business Planning Process. The quality of the County's Unified Plan has received both state and national recognition, with awards from both the Georgia Planning Association as well as the American Planning Association, respectively.

The County's 2030 Unified Plan encompasses the following themes:

- Maintaining economic development and fiscal health
- Fostering redevelopment
- Maintaining mobility and accessibility
- Providing more housing choices
- Keeping Gwinnett a preferred place

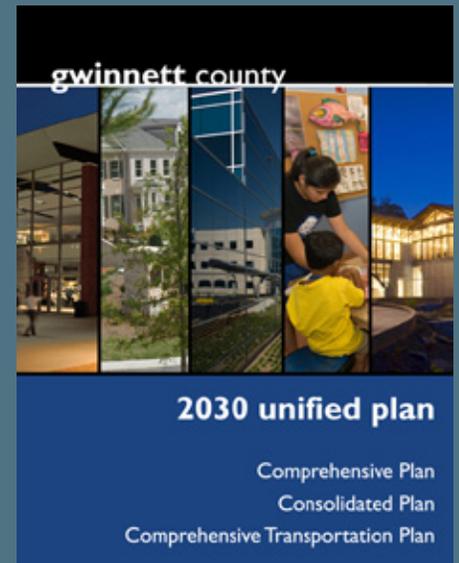
In developing the 2012 budget, County Administration continued the Business Planning Process that was set up in 2009 that directs departments to develop cohesive business plans that produce citizen-driven outcomes. The Business Planning Process connects strategy and core services to the budget and decision making process. The budget is the annual financial plan resulting from the business planning process.

This process provides the basis for all stakeholders to understand the expected results and for policymakers to make decisions in a more informed manner. In light of the economic downturn, the Business Planning Process provides the framework needed to appropriately plan for the allocation of limited resources.

The prevailing thoughts that emerged during the 2012 budget planning process were: preserving core services wherever possible; adding no new services unless mandated; funding activities required by state legislation; and continuing programs to reduce costs and streamline operations. These philosophies framed the formulation of the 2012 budget.

After much study, departmental proposals, including modified zero-based justifications were submitted to the Department of Financial Services, which compiled recommendations into a draft budget for review by the Chairman of the Board of Commissioners and the Citizen's Budget Review Committee. The 2012 Citizen's Budget Review Committee included Laurie McClain, Lois Love, Norwood Davis, Herman Pennamon, David Crews, and participating departmental and agency representatives.

For several days in late September and early October, the Citizen's Budget Review Committee convened to review proposals. During these workshops, each department presented its 2012 and future business plan, enumerating adjustments to programs necessary to operate within the County's new fiscal realities.





Staff from the Department of Financial Services and Communications Division facilitated the review team workshops, which were videotaped for broadcast on the County's public access channel, and also available on the County's website [Gwinnett County, GA: Budget Review Meetings](#).

Following this review, the Chairman of the Board met with senior County staff during October and November to finalize the proposed budget. As a result, on November 15, 2011, by County ordinance, a 2012 proposed budget was submitted to the Board of Commissioners. The Board of Commissioners reviewed the proposed budget during the month of December and in accordance with state law, a public hearing was held on December 13, 2011, at least one week before the formal adoption of the budget.

County ordinance also requires that a budget must be adopted at the first meeting of the new fiscal year. The final adopted budget was approved on January 4, 2012, and is presented in its entirety with this document.

The budget may be amended throughout the fiscal year to adapt to changing governmental needs through approval of the Board of Commissioners. Specific authority has been given to other individuals through the Budget Resolution for adjustments in certain cases. Primary authority, however, rests with the Board. Any increase in appropriations in any fund for a department, whether through a change in anticipated revenues or through a transfer of appropriations among departments, requires the approval of the Board of Commissioners. The Budget Resolution on the following pages identifies conditions under which budget adjustments can be made and by whose authority.

At mid-year, the Board adopts a Budget Reconciliation that replaces the original adopted budget. The purpose of the mid-year reconciliation is to review actual experience to date for the year in regard to both revenues and expenditures. The adoption of the Budget Reconciliation is done in conjunction with, more or less, the adoption of the County's millage rate. At this point in the fiscal year, the projected tax revenues are reconciled, and projected revenues and appropriations are reconciled to be more in line with actual expense experience.

Budget Resolution

The final outcome of the budget process is the following balanced budget.

FY 2012 Resolution Amounts

<u>Operating Budget</u>	<u>FY 2012</u>	<u>Capital Budget</u>	<u>FY 2012</u>	<u>FY2013-2017</u>
Tax Related Funds		Tax Related Funds		
General	\$ 403,542,501	Capital Project	\$ 29,796,293	\$ 71,080,227
G.O. Bond Detention Center	5,482,618	Vehicle Replacement	11,901,725	27,633,833
Recreation Fund	28,705,053			
Total Tax Related	\$ 437,730,172	Total Tax Related	\$ 41,698,018	\$ 98,714,060
Special Use Funds		Special Use Funds		
Speed Humps	\$ 116,176	SPLOST (2005)	\$ 66,786,302	\$ 16,184,451
Street Lighting	6,918,830	SPLOST (2009)	149,662,069	287,192,125
Corrections Inmate Welfare	99,267			
Crime Victims Assistance	1,155,528			
DA Federal Asset Sharing Fund	205,000			
E-911	16,819,192			
Juvenile Court Supervision	77,525			
Police Special Justice	1,492,915			
Police Special Treasury	264,233			
Police Special State	884,135			
Sheriff Inmate Store	374,721			
Sheriff Special Ops Justice	100,000			
Sheriff Special Ops Treasury	500,000			
Sheriff Special Ops State	100,000			
Stadium Operating	2,162,842			
Tree Bank Fund	30,610			
Tourism	6,987,527			
Total Special Use	\$ 38,288,501	Total Special Use	\$ 216,448,371	\$ 303,376,577
Enterprise Funds		Enterprise Funds		
Airport	\$ 838,828	Airport R & E	\$ 44,125	\$ 719,913
Local Transit	7,752,427	Solid Waste R & E	-	-
Solid Waste	41,708,348	Stormwater R & E	30,126,467	102,530,332
Stormwater Operating	30,424,532	Transit R & E		3,665,174
Water and Sewer Operating	280,003,599	W & S R&E/Bond	144,583,448	535,265,826
Total Enterprise	\$ 360,727,734	Total Enterprise	\$ 174,754,040	\$ 642,181,244
Internal Service Funds				
Admin Support	\$ 53,051,814			
Auto Liability	849,731			
Fleet Management	5,937,128			
Group Self Insurance	43,630,471			
Risk Management	6,914,440			
Workers' Comp.	4,234,875			
Total Internal Service	\$ 114,618,459			
Operating Funds	\$ 951,364,866	Capital Funds	\$ 432,900,429	\$ 1,044,271,881
Indirect Cost Allocation	(52,986,033)	Indirect Cost Allocation	(2,942,817)	
Total Operating Funds	\$ 898,378,833	Total Capital Funds	\$ 429,957,612	\$ 1,044,271,881

R & E = Renewal & Extension
 SPLOST = Special Purpose Local Option Sales Tax



A RESOLUTION ADOPTING A BUDGET FOR THE FISCAL YEAR 2012 FOR EACH FUND OF GWINNETT COUNTY, APPROPRIATING THE AMOUNTS SHOWN IN THE FOLLOWING SCHEDULES FOR SELECTED FUNDS AND AGENCIES; ADOPTING THE ITEMS OF ANTICIPATED FUNDING AND REVENUE SOURCES BASED ON THE ESTIMATED 2012 TAX DIGEST; AFFIRMING THAT EXPENDITURES IN EACH AGENCY MAY NOT EXCEED APPROPRIATIONS; AND PROHIBITING EXPENDITURES FROM EXCEEDING ANTICIPATED FUNDING SOURCES.

WHEREAS, the Gwinnett County Board of Commissioners ("Board") is the governing authority of said County; and

WHEREAS, the Board has presented a Proposed Budget which outlines the County's financial plan for said fiscal year which includes all projected revenues and allowable expenditures; and

WHEREAS, an advertised public hearing has been held on the 2012 Proposed Budget, as required by State and Local Laws and regulations; and

WHEREAS, the Board has reviewed the Proposed Budget and has made certain amendments to Funding Sources and Appropriations; and

WHEREAS, the Board decrees that the Proposed 2012 Budget shall in all cases apply to and control the financial affairs of County departments and all other agencies subject to the budgetary and fiscal control of the governing authority; and

WHEREAS, each of the funds has a balanced budget, such that Anticipated Funding Sources equal Proposed Expenditures.

NOW, THEREFORE, BE IT RESOLVED that this Budget is hereby adopted specifying the Anticipated Funding Sources for each Fund and making Appropriations for Proposed Expenditures to the Department or Organizational Units named in each Fund; and

BE IT FURTHER RESOLVED that Expenditures of any Operating Budget Fund or Capital Budget Fund shall not exceed the Appropriations authorized by this Budget Resolution and any Amendments thereto or Actual Funding Sources, whichever is less; and

BE IT FURTHER RESOLVED that in accordance with the Official Code of Georgia Annotated Section 33-8-8.3(a)(1), the proceeds from the tax on insurance premiums in the amount of \$26,849,330 shall be used solely for the purposes of funding police protection to inhabitants of the unincorporated areas of the county, budgeted at \$89,156,202 with remaining funding of \$62,306,872 anticipated from direct revenue and taxes; and

BE IT FURTHER RESOLVED that certain Capital Project Budgets are adopted, as specified herein, as multiple-year project budgets as provided for in Official Code of Georgia Annotated Section 36-81-3(b)(2); and

BE IT FURTHER RESOLVED that Indirect Cost Allocations and Contributions as appropriated in any Fund within the various accounts of a Department or Organization Unit are restricted for the express purpose as designated; and

BE IT FURTHER RESOLVED that a vacancy period for a minimum of ninety days shall ensue immediately upon the separation of employment by an employee from a County department or Agency; and

BE IT FURTHER RESOLVED that transfer of appropriations in any Fund among the various accounts within a Department or Organizational Unit shall require only the approval of the Director of Financial Services so long as the total budget for each Department or Organizational Unit is not increased; and

BE IT FURTHER RESOLVED that the 2012 Budget shall be amended so as to adapt to changing governmental needs during the fiscal year as follows: Any increase in Appropriations in any Fund for a Department or Organizational Unit, whether through a change in Anticipated Revenues in any Fund or through a transfer of Appropriations among Departments or Organization Unit, shall require the approval of the Board of Commissioners, except in the following cases where authority is granted to:

- I. The Department Director to:
 - (a) set fee structures provided that they are not restricted by rate setting policies and agreements.
2. The Director of Financial Services to:
 - (a) allocate funds to appropriate Departments or Organization Units 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 the established Judicial Reserve to appropriate Departments or Organization Units for required expenses;
 - (c) allocate funds from the established Medical Reserve to various Funds, Departments or Organization Units when required to cover expenses;
 - (d) allocate funds from the established Indigent Defense Reserve to appropriate Departments or Organization Units for required expenses;
 - (e) allocate funds from the established Court Reporter Reserve to appropriate Departments or Organization Units for required expenses;
 - (f) allocate funds from the established Court Interpreter Reserve to appropriate Departments or Organization Units for required expenses;
 - (g) allocate funds from the established Inmate Housing Reserve to appropriate Departments or Organization Units for required expenses;
 - (h) allocate funds from the established Fuel/Parts Reserve as required;
 - (i) allocate funds from Non-Department contingencies and reserves to cover existing obligations/expense in accordance with the intent and actions of the Board of Commissioners; however, in no case shall appropriations exceed actual available funding sources;
 - (j) allocate funds from Indirect Cost Allocations and Contributions to cover existing obligations/expense in accordance with the intent and actions of the Board of Commissioners; however, in no case shall appropriations exceed actual available funding sources;

- (k) authorize preparation and submission of applications for grant funding; however, acceptance of all grant awards is subject to the approval of the Board of Commissioners;
- (l) adjust revenue and appropriation budgets between capital projects as necessary to incorporate grant awards previously approved by the Board of Commissioners;
- (m) approve transfers of appropriations within Department or Organization Unit for 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;
- (n) calculate savings associated with the future vacancy of any position and shall further have the authority to amend the budget of such department at the time a vacancy arises unless an exception has been granted; and
- (o) adjust revenue and appropriation budgets to incorporate collected revenue at the capital fund contingency project and project specific levels.

3. The Deputy County Administrator/Chief Financial Officer to:

- (a) transfer funds from Departments under his/her direct authority within the Administration/Support Internal Service Fund so long as the total budget for the Administration/Support Departments are not increased;
- (b) allocate funds from established reserves for leave balances at retirement, salary adjustments and reclassification to Department and Organizational Units as necessary to provide funding for compensation actions, reductions in force and retirement incentives;
- (c) transfer funds resulting from salary savings or transfer balances resulting from under expenditures in operating accounts into Non-Departmental reserves to fund accrued liabilities and expend funds within Non-Departmental reserve to reduce said accrued liabilities; and
- (d) transfer appropriations within a capital fund from an Information Technology contingency/reserve to establish new projects/initiatives for amounts up to \$100,000.

4. The County Administrator to:

- (a) transfer funds from Department or Organization Unit budgets to Contribution 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) grant exceptions to the ninety day vacancy period upon petition by a County department or Agency so as to permit the vacant position to be filled through hire and appointment without a corresponding budgetary impact; and
- (d) reallocate funding among projects approved by the Board of Commissioners.

BE IT FURTHER RESOLVED that such amendments shall be recognized as approved changes to this resolution in accordance with *O.C.G.A. 36-81-3*. These authorities for transfers of appropriations shall not be used as an alternative to the normal budget process and are intended to be used only when necessary to facilitate the orderly management of projects and/or programs; transfers approved under these authorities may not be used to change the approved scope or the objective of any capital project; and

BE IT FURTHER RESOLVED that the compensation for county appointments by the Board of Commissioners to the various Boards and Authorities have been set (see-attached schedule). This does not preclude any department from reimbursing those members for actual expenses incurred in the performance of duty; and

BE IT FURTHER RESOLVED that the Board of Commissioners shall approve increases in authorized positions. Vacant positions may be reallocated within the same Department or Organization Unit or reassigned to another Department or Organization Unit and filled authorized positions may be reassigned at the same grade level between a Department or Organization Unit with the authorization of the County Administrator; and

BE IT FURTHER RESOLVED that the County Administrator is granted authority to authorize benefits pursuant to *O.C.G.A. §47-23-106* for retired Superior Court Judges.

Operating and Capital Funds Combined

FY 2012 Revenue and Appropriations

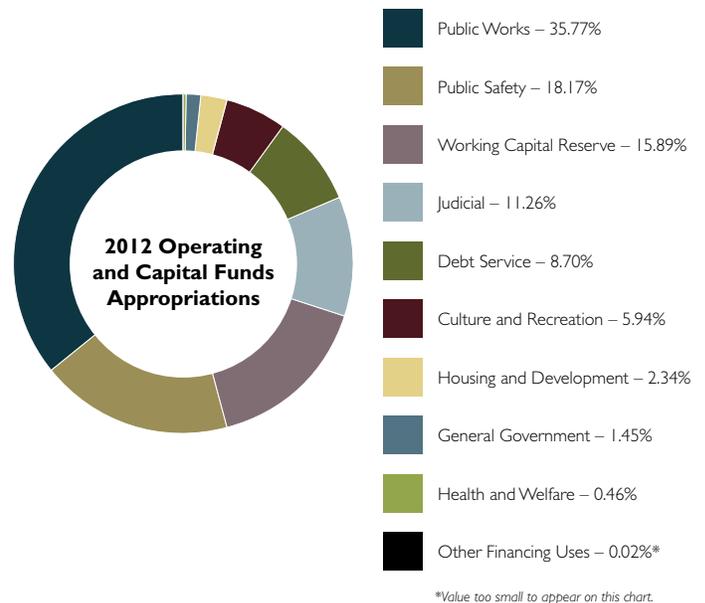
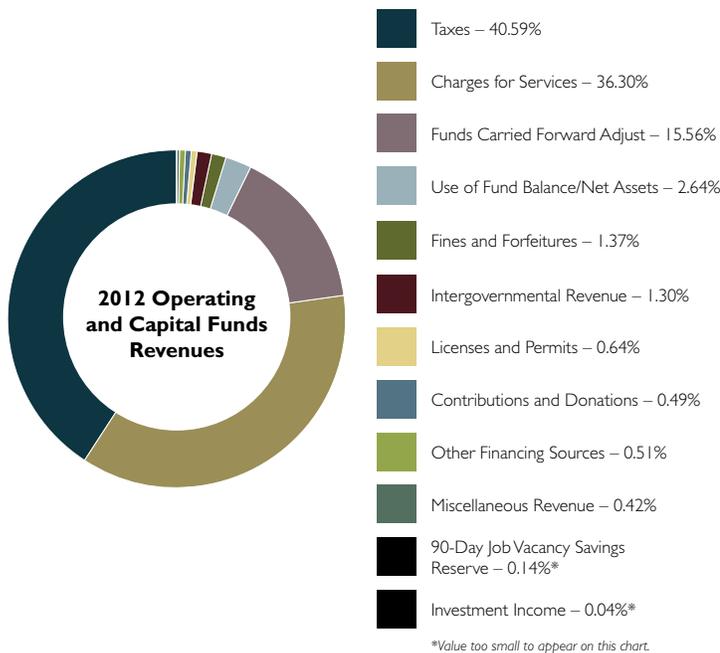
FY 2012 Revenues

Taxes	\$ 472,560,629
Licenses and Permits	7,437,808
Intergovernmental Revenue	15,118,658
Charges for Services	422,562,281
Fines and Forfeitures	16,004,606
Investment Income	434,803
Contributions and Donations	5,674,550
Miscellaneous Revenue	4,945,452
Other Financing Sources	5,914,001
	950,652,788
90-Day Job Vacancy Savings Reserve	1,604,959
Funds Carried Forward Adjust	181,111,516
Use of Fund Balance/Net Assets	30,717,158
Total FY 2012 Revenues	\$ 1,164,086,421

FY 2012 Appropriations

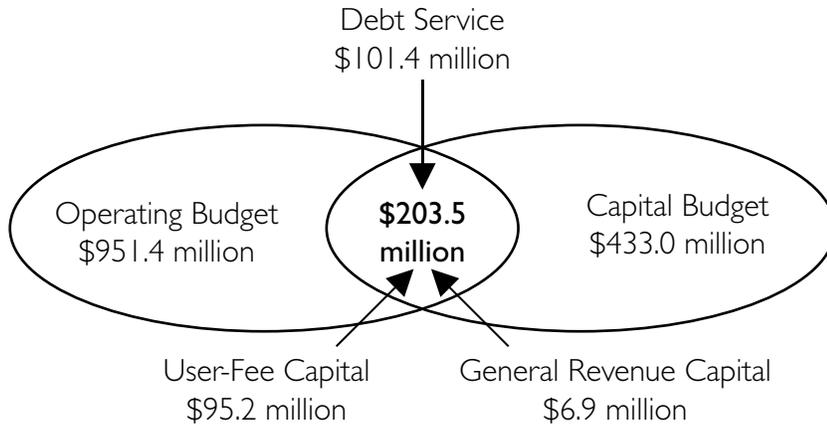
General Government	\$ 16,876,598
Judicial	131,025,764
Public Safety	211,502,186
Public Works	416,553,784
Health and Welfare	5,327,103
Culture and Recreation	69,139,891
Housing and Development	27,271,163
Debt Service	101,260,869
Other Financing Uses	200,000
	979,157,359
Contribution to Fund Balance/ Working Capital Reserve	184,929,062
Total FY 2012 Appropriations	\$ 1,164,086,421

Note: This data excludes \$105,385,688 for inter-fund transfers.



Relationship Between Operating and Capital Budgets

In 2012, total appropriations of \$1.4 billion include an impact of \$203.5 million or 14.5 percent resulting from capital infrastructure development including \$101.4 million in debt service, \$6.9 million in general revenue-financed capital expenditures, and \$95.2 million of user fee-financed capital expenditures reflected in the diagram below.



2012–2017 Initial Operating Impact of Capital Facilities on the General Fund

There are currently no capital facilities projects with initial operating impact for fiscal year 2012.





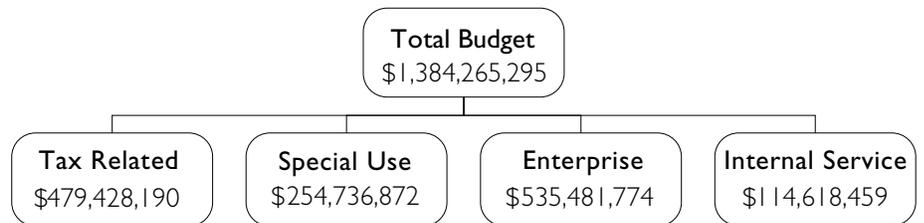
Fund Structure and Financial Status

Gwinnett County government is financially and operationally sound. Emphasizing long-range planning in the budgeting process, a five-year forecast is used to analyze the implications of annual service investments, assuring adequate revenue sources will be available and secure balances can be maintained prior to making long-term commitments. Further, the County has set a policy of not obligating its citizens to pay more in the future when it can invest now in efforts to keep taxes low for years to come.

This section describes the County's financial structure and the condition of the major funds.

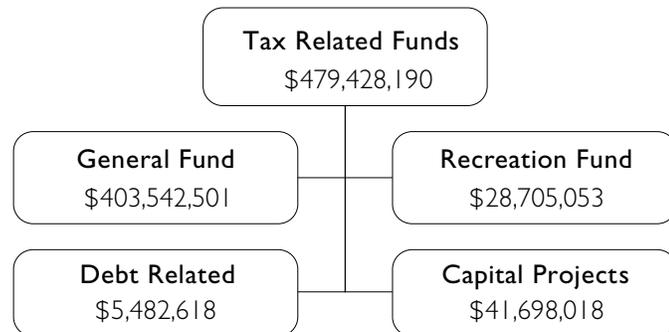
Fund Groups

The 2012 Adopted Budget contains 40 separate funds that are categorized into four fund groups: **Tax-Related Funds**, **Special Use Funds**, **Enterprise Funds**, and **Internal Service Funds**. These groups and the major funds are all highlighted in the following sections.



Tax-Related Funds

Tax-related funds are funds whose primary revenues are derived from taxes. These include the General Fund, Recreation Fund, Debt Service Fund, and Capital Projects Fund.



General Fund

The General Fund is the largest operating fund within the 2012 Operating Budget, encompassing operational funding for most County services including public safety, courts and sheriff, public works, community services, and general government.

In 2012, expenditures of the General Fund are expected to total \$403.5 million (less \$1.6 million in 90-day job vacancy savings), an increase of \$9.2 million or 2 percent over the 2011 actual level of \$394 million.

In 2012, revenues of the General Fund are expected to total \$401.9 million, a decrease of \$40 million or 9 percent, primarily due to the decline of the property tax digest. Due to the condition of the housing market, Gwinnett County's tax digest (40 percent assessed value) decreased by more than \$2 billion in 2011 and is projected to continue to decline.

Fund balance reserves remain above the two-month policy.

Recreation Fund

This fund is used to account for the operations and maintenance of County parks and recreational facilities. Financing is provided by a specific property tax levy and miscellaneous revenues including admissions, concessions, and sport activity fees.

With strong citizen support and use of fee-based services, the fund balance reserve remains above the one-month policy.

In 2012, expenditures of the Recreation Fund are expected to total \$28.6 million, an increase of \$680,585 or 2.4 percent from the 2011 actual level of \$28 million.

In 2012, revenues of the Recreation Fund are expected to total \$28.7 million, a decrease of \$2.6 million or 8.5 percent, primarily due to the declining tax digest. Due to the condition of the housing market, Gwinnett County's tax digest (40 percent assessed value) decreased by more than \$2 billion in 2011 and is projected to continue to decline.

Debt Service Fund

In 2011 the County made the final debt service payment for the 2002 General Obligation Refunding Bonds. That fund was closed and all remaining assets were transferred to the 2003 General Obligation Debt Service Fund, which accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest related to the 2003 detention center bonds.

In 2012, expenditures of the Debt Service Fund are expected to total \$5.5 million, an increase of \$.3 million or 5.5 percent from the 2011 level of \$5.2 million.

Budgeted revenues totaling \$5.5 million will cover debt service requirements in 2012.

Capital Projects Fund

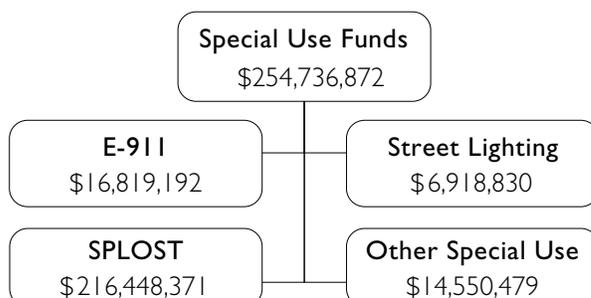
This capital projects fund, which is primarily supported by contributions from the operating tax funds, General and Recreation, is budgeted at \$29.8 million in 2012. The General Fund is contributing \$6.9 million towards funding of the capital program. The Recreation Fund will contribute a total of \$1.2 million. Highlights of projects supported in this fund include park improvements, social services facilities, and other County projects.

Vehicle Replacement Fund

This capital projects fund, which is primarily supported by contributions from the operating funds, is budgeted at \$12 million in 2012. Departments contribute to fund the replacement of vehicles that have surpassed their useful life.

Special Use Funds

Special Use Funds account for funds that are restricted to a specific purpose by state law or local ordinance. Some of these funds have continuing obligations, such as personnel, while others account for one-time purchases.



E-911 Fund

This fund accounts for operations of the E-911 Communications Center. Revenues are primarily received from monthly subscriber fees remitted by wired and wireless telecommunication providers.

The E-911 Fund continues to be financially strong, providing financial backing for a vital service expected to field 467,000 telephone calls in 2012.

In 2012, expenditures of the E-911 Fund are expected to total \$16.8 million, an increase of \$5.6 million over the 2011 actual level of \$11.2 million, mostly due to indirect cost charges.

In 2012, revenues of the E-911 Fund are expected to total \$12.7 million, an increase of \$1.3 million or 11.6 percent, primarily due to a change in state law allowing for the collection of E-911 fees on prepaid cell phones.

The Gwinnett County subscriber fee of \$1.10 was raised to \$1.30 effective July 1, 2006, and the \$0.80 per month wireless phone fee was increased to \$1.00.

Crime Victims Assistance Fund

This fund accounts for the transactions of the Crime Victims Assistance Fund. Revenues are received from a 5 percent charge collected on fines within the Recorder's, Juvenile, State, Superior, and Magistrate Courts of Gwinnett County. Revenues are also received from 5 percent of fines from municipalities within Gwinnett County. These funds must be used to provide assistance to crime victims.

Projected 2012 revenues of \$0.9 million enable the District Attorney and Solicitor General to finance the *Crime Victims Assistance Program*. Additionally, a contribution from the General Fund of \$110,000 was necessary to balance the budget.

Special Purpose Local Option Sales Tax (SPLOST) Programs

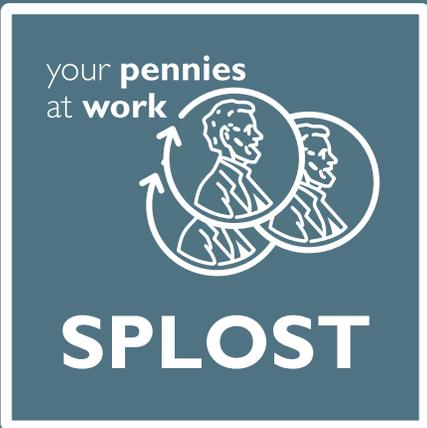
Gwinnett County has used the SPLOST as a primary source of revenue for capital projects since it became an option for counties in 1985. SPLOST law has changed over the years impacting allowable purposes, allowable length of SPLOST programs, distribution of proceeds, and ballot language among other things. Throughout all of these changes, the County has been able to adapt and the citizens have supported the use of SPLOST funding to move the County forward. SPLOST funding was used to build the current Gwinnett Justice and Administration Center, numerous road improvement projects, fire stations, police precincts, new parks, libraries, and other various capital infrastructure improvements. The passage of SPLOST programs has had a profound impact on County operations by shifting the burden of funding these projects from property taxes.

2001 SPLOST Fund

This voter-approved SPLOST fund became effective April 1, 2001, and expired on March 31, 2005. Sales taxes collected during this period have allowed the County to continue funding a large percentage of our capital needs on a pay-as-you-go basis. The 2001 SPLOST generated just over \$496 million in sales tax collections. Projects in the areas of libraries, parks and recreation, public safety, and transportation were funded through this program. This fund will be closed in 2012.

2005 SPLOST Fund

On November 2, 2004, the voters of Gwinnett County approved a four-year extension of the SPLOST to be designated for capital improvements within the County and its municipalities. Sales tax collections for the 2005 Program were \$581.5 million. The entire Cities' Share Allocation of the initial projection, or \$94.7 million, is included in



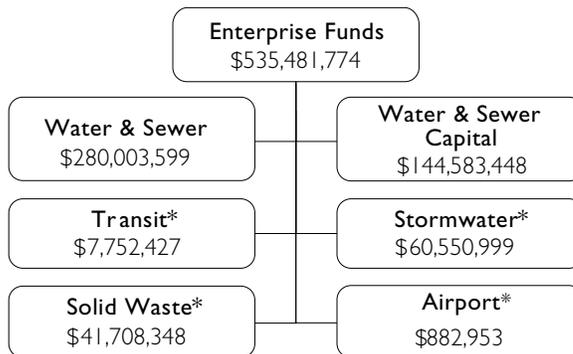
the initial budget for the program. This is the first SPLOST program since the enactment of new state legislation that brought dramatic changes to the SPLOST law. The most significant change was the provision of required funding to municipalities. Previously, the SPLOST had been exclusively a County tax. In addition to the funding for the cities, funds from the 2005 SPLOST will be used for projects in the areas of libraries, parks and recreation, public safety, and transportation. The 2012 budget includes \$66.8 million in appropriations for projects.

2009 SPLOST Fund

In November 2008, the citizens of Gwinnett County approved a referendum authorizing the County to extend the one-cent SPLOST for five years beginning in April 2009. Budgeted sales tax collections for the 2009 Program are \$650.2 million. Collections from the sales tax designated for the County will be used solely for capital projects in the areas of parks and recreation, transportation, public safety, court facilities and libraries. The remaining sales tax collections, approximately 16 percent of the 2009 SPLOST Program, will go to cities. The 2012 budget includes \$149.7 million in appropriations for projects.

Enterprise Funds

Enterprise funds are operated on a “business-like” basis using the full accrual basis of accounting. These services are supported through user fees and charges with revenues earned in excess of operations and debt service reinvested in infrastructure through a contribution to a related capital fund.



* Capital included

The County operates five enterprise funds including water and sewer service, storm-water management, solid waste management, transit and the Briscoe Field airport.

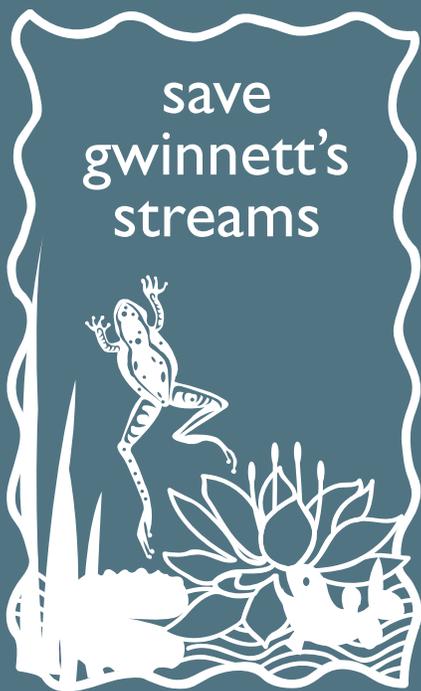
Water and Sewer Operating Fund

This fund supports the operation, maintenance, and capital improvement of the water and sewer system. Revenues are received from monthly usage bills, connections fees, and development charges. The Water and Sewer Operating Fund is the County's second largest operating fund within the 2012 Operating Budget.

Net assets reserves remain at or above the required one and one-half months.

In 2012, expenditures of the Water and Sewer Operating Fund are expected to total \$280 million, an increase of \$29.5 million or 11.8 percent, over the 2011 actual level of \$250.5 million. Approximately half of the increase is related to increases in the transfers to the renewal and extension fund (\$8.8 million) and debt service (\$5.1 million).





gwinnettcounty
 Department of Water Resources
 Stormwater Management

General operating expenses are budgeted at \$10.7 million more than 2011 actual expenses primarily due to increases in professional services, chemical costs, repair and maintenance expenses and utilities. Finally, \$1.6 million of this increase is related to total personnel costs and is attributable to having less vacancies in 2012 as compared to 2011.

In 2012, revenues of the Water and Sewer Operating Fund are expected to total \$280 million, an increase of \$14 million or 5.3 percent over 2011 actual revenues. Water and sewer revenues are analyzed very closely to ensure that rate structures are in place to adequately fund the public utility system operations and debt service requirements. Based on these analyses, the Board of Commissioners has approved a water and sewer rate resolution that sets rates through 2015.

County financial staff use these rates to create models to help determine annual revenue projections to fund operations, capital needs, and existing and projected debt service requirements. These models then help drive the decision-making process in setting the water and sewer system's operating budget.

Water and Sewer Capital Funds

The 2012 budget for the combined water and sewer capital funds is \$144.6 million. This reflects the total amount of all remaining prior year bond funds and renewal and extension funds. The County's Water and Sewer Capital Improvement Program (CIP) is a dynamic, forward thinking plan that attempts to balance the need to construct new infrastructure to meet the anticipated demands of a growing community, with the need to maintain and upgrade the extensive infrastructure already in place. This year's budget places emphasis on both.

Several major projects such as improvements to current wastewater collection and treatment facilities such as Yellow River and Crooked Creek are included in the 2012 budget. The County also has several important maintenance projects ongoing. More detailed information regarding these projects and others can be found in Section VI. The County has issued over \$1.2 billion in water and sewer bonds since 1998. These bond proceeds have been used to help fund the F. Wayne Hill Water Resources Center that began operations in December 2000, the Shoal Creek Filter Plant, the expansion of the Hill Center, and upgrades to the Patterson-Marathon Pump Station and Force Main. The Water and Sewer Renewal and Extension (R&E) Fund continues to provide the pay-as-you-go mechanism for many of the water and sewer capital improvements. Transfers from the net operational revenues of the system, over \$72 million budgeted in 2012, continue to support the Renewal and Extension fund.

Stormwater Operating Fund

This fund supports the operation, maintenance, and capital improvement of the County's stormwater system. Charges for Services are calculated based on the impervious surface of a parcel of land and are collected in the fourth quarter with property tax collections.

In 2012, expenses of the Stormwater Operating Fund are expected to total \$30.4 million, an increase of \$3.1 million or 11.2 percent from the 2011 actual level of \$27 million, primarily due to an increase in planned contributions to the Stormwater Renewal and Extension Fund and contributions to the new Administrative Support Fund.

A total of \$19.5 million or 64.10 percent of the 2012 adopted budget is appropriated for a transfer to the Stormwater Renewal and Extension Fund for funding of stormwater facility improvements.

In 2012, revenues of the Stormwater Fund are expected to total \$30.4 million, the same as the 2011 actual level. Beginning in FY 2006, property owners in unincorporated Gwinnett County were charged per 100 square feet of impervious surface to help defray the cost to maintain, repair, and replace stormwater infrastructure in the unincorporated areas of the county. The rate has remained at \$2.46 since FY 2009.

Local Transit Operating Fund

This fund accounts for the operation and maintenance of the Transit System. Revenues are received from fares and a contribution from the General Fund. The transit system began express bus service operations to employment centers in downtown Atlanta in November 2001 and added local bus route service a year later. The transit service has proven to be extremely popular and successful and service levels had increased to meet demand with ridership growing to 2,264,769 boardings in 2011. The local ridership is about 60% of total ridership. In response to the economic recession and the need to balance the County's operating budget with reduced revenue projections, the County reduced transit service levels and raised fares in mid 2008. Additional service reductions were made effective January 2010, and a new rate resolution is effective January 1, 2012. The new rates are consistent with the objective that one-third of the expenses for transit be funded by users of the system.

In 2012, expenses of the Local Transit Operating Fund are expected to total \$7.8 million, an increase of \$0.5 million, or 6.5 percent above the 2011 actual level of \$7.3 million.

In 2012, revenues of the Local Transit Operating Fund are expected to total \$7.8 million. The General Fund operating subsidy is expected to total \$3.2 million.

Solid Waste Operating Fund

This fund accounts for the operations as provided in the Solid Waste Collection and Disposal Services Ordinance. Tax revenues are received from non-exclusive franchise fees paid by commercial waste haulers. Residential service fees are paid by homeowners in unincorporated Gwinnett County and reported as Charges for Services.

In 2012, expenses of the Solid Waste Operating Fund are expected to total \$40.8 million, an increase of \$1.3 million or 3.4 percent above the 2011 actual level of \$39.4 million.

In 2012, revenues of the Solid Waste Operating Fund are expected to total \$41.7 million, an increase of \$1.1 million or 2.7 percent over the 2011 actual level of \$40.6 million.

Airport Operating Fund

This fund accounts for the operation and maintenance of the County airport, Briscoe Field.

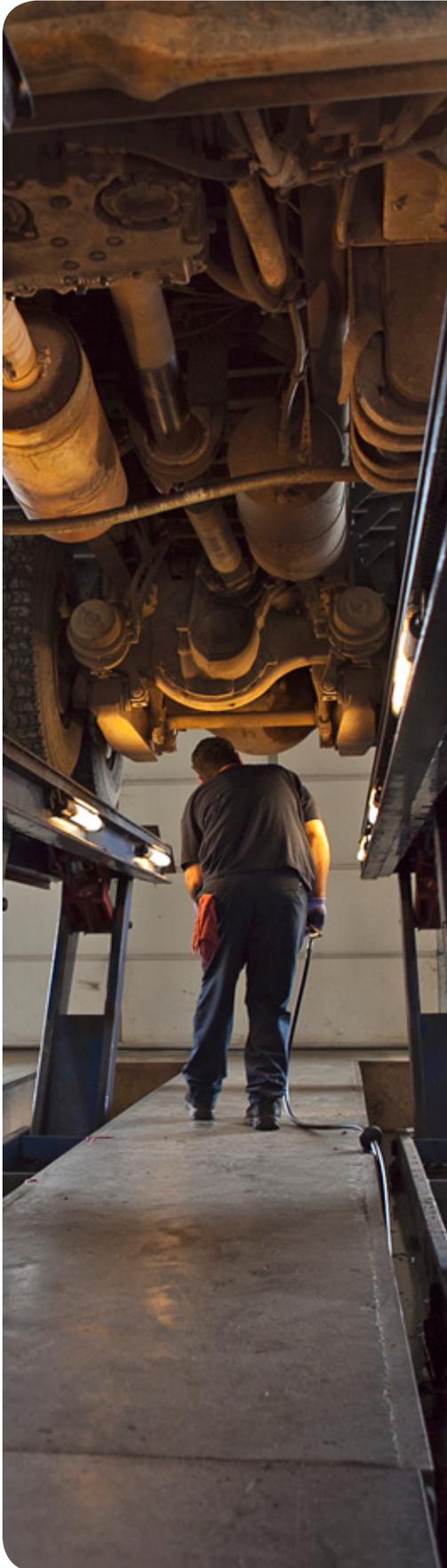
In 2012, expenses of the Airport Operating Fund are expected to total \$0.8 million, an increase of \$95,000, or 12.9 percent above the 2011 actual level of \$0.7 million.

In 2012, revenues of the Airport Operating Fund are expected to total \$0.8 million, basically the same as 2011.

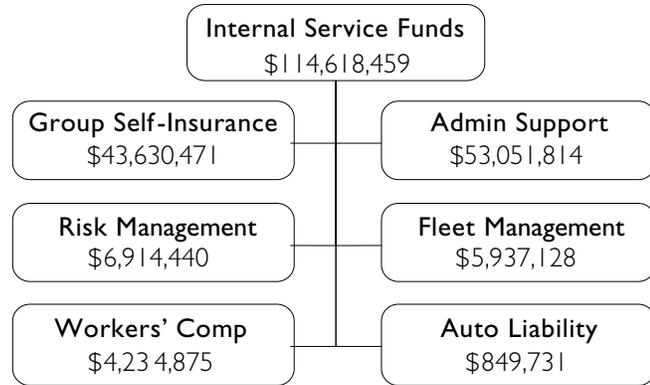
Internal Service Funds

Internal service funds account for goods or services provided by one department or agency within the County to another. Other funds or departments pay the internal service funds on a pay-as-you-go basis or an actuarial assessment of future costs. The





County operates six services on an internal service basis including administrative support, health, life and disability insurance, risk management, automobile liability, workers compensation, and fleet management.



The **Group Self-Insurance Fund** accounts for all financial transactions related to the payment of premiums and benefits for active employees' health, disability, and life insurance. Revenues are received from employee and employer contributions.

In the face of increasing health care costs, the financial status of the Group Self-Insurance Fund remains positive.

To contain rapid increases, the County implemented changes in the health plan in order to balance costs between the County and participants. Future year changes in this area include continued adjustments to costs to lessen the total financial impact to the County and the enrolled employees.

In 2012, expenditures of the Group Self-Insurance Fund are expected to total \$43.6 million, and revenues are expected to total \$39 million.

The **Risk Management Fund** accounts for all financial transactions related to the County's property liability and casualty insurance. Revenues are received from charges to the user departments based on the number of employees, prior claims, and property liability coverage needs.

The **Workers Compensation Fund** accounts for financial transactions related to the payment of workers compensation claims. Revenue is received from the user departments based upon the number of employees and prior claims.

The **Fleet Management Fund** accounts for all financial transactions related to the maintenance of the County fleet.

Debt Summary

Due to its rapid growth, the County has used long-term general obligation and limited liability revenue debt to fund the expansion of major capital facilities and infrastructure. In issuing debt, the County meets all state laws and requirements and follows a number of budgetary and fiscal policies to ensure the preservation of a sound financial position and favorable credit rating.

The County protects its financial position and provides the best service to its citizens for the least cost through effective internal controls and prudent accounting, budgeting, and planning procedures. An independent audit firm performs annual audits and reviews the standardized financial statements prepared by the County that are distributed for public and bond rating use. An excellent credit rating from Moody's, Standard & Poor's, and Fitch Ratings insures the bonds are well accepted in the marketplace. Taxpayer money is saved by obtaining the lowest possible interest rates at the time of sale and elimination of the need to purchase municipal bond insurance for credit enhancement.

The County achieved an upgrade in its bond rating from Aa1/AA+/AA+ to the highest quality Aaa/AAA/AAA in June 1997 by the three primary rating agencies. Gwinnett is one of approximately 36 counties in the United States with this prestigious rating. The County has maintained those ratings to date. For approximately 14 years, each of the three rating agencies have consistently reported Gwinnett County's debt position as manageable, citing the County's emphasis on pay-as-you go funding and low levels of tax-supported debt.

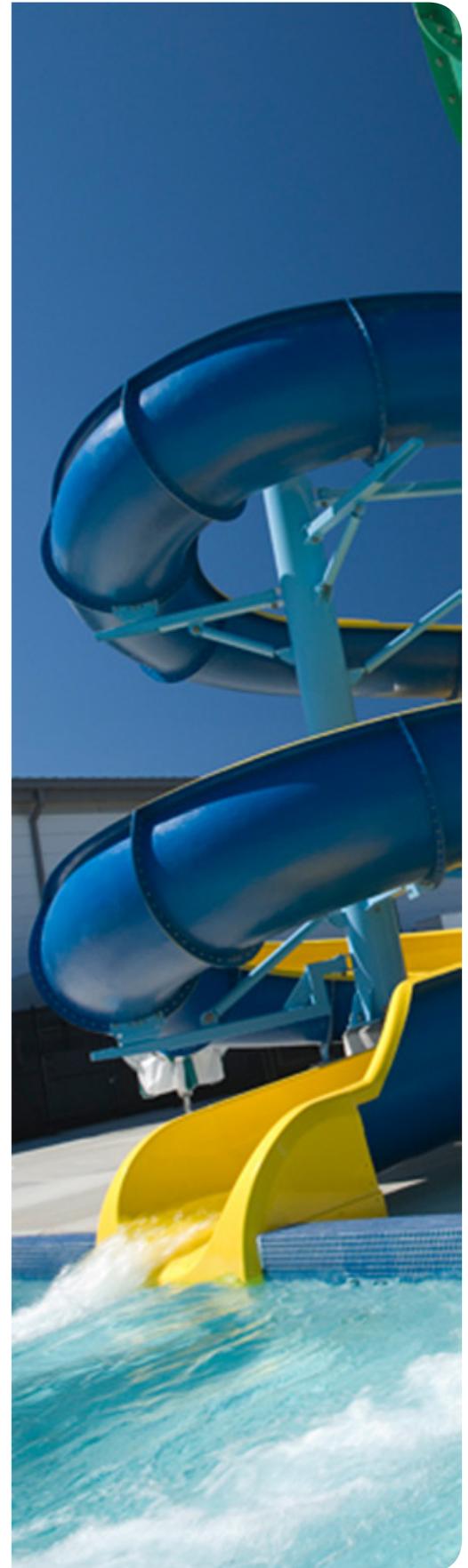
Major capital projects are funded through the issuance of long-term debt and pay-as-you-go methods. The capital needs are identified and addressed in the capital budgeting process. This process assesses the purpose, size, and timing of borrowing needs. There are also other factors considered such as the budget impact of ongoing support of capital improvements, legal constraints on capacity, other financing alternatives, the urgency of needs, the cost of delay, the willingness of the community to pay, current interest rates, market conditions, and availability of other monies to fund the projects. The County has issued both general obligation and revenue debt to fund capital needs. The County has also used pay-as-you-go methods for capital improvements since 1985. Less than 0.2 percent of the \$1.5 billion **2012 – 2017 Capital Improvement Program** is funded by debt.

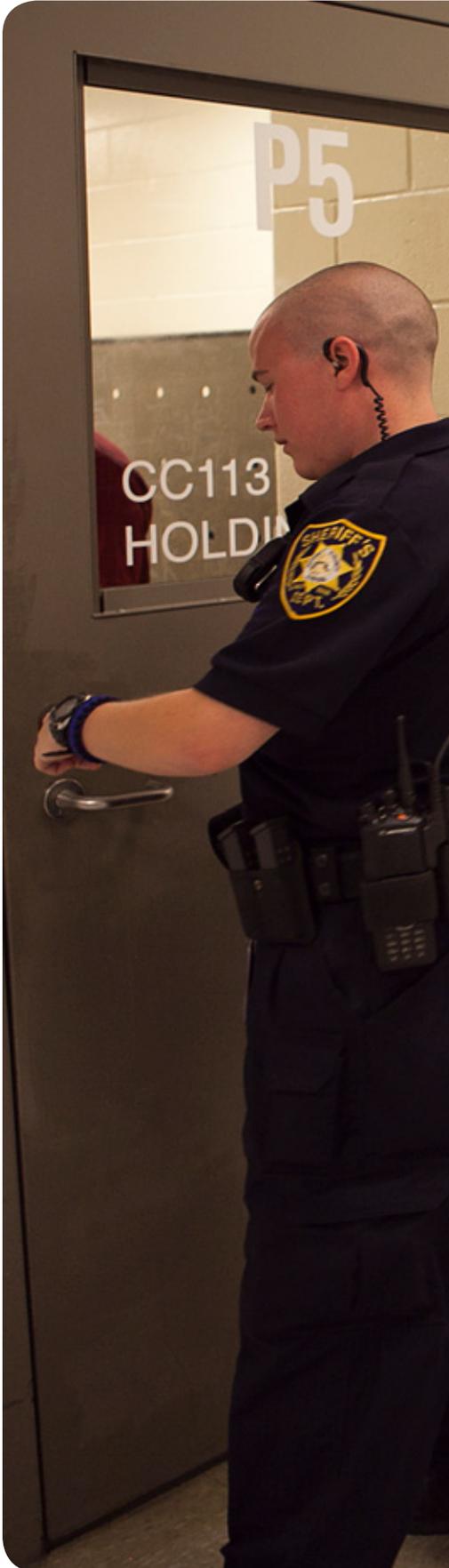
Pay-as-you-go funding of capital improvements include contributions from the County's tax funds (general and recreation) into capital funds. In 2012, the County will contribute less than 2 percent of general fund revenues and 4 percent of recreation fund revenues to the capital program.

The voter-approved Special Purpose Local Option Sales Tax (SPLOST) is another pay-as-you-go method that works well for Gwinnett due to the large amount of retail sales generated in the county. Since 1985, the County has used SPLOST revenues to fund capital needs including a new justice and administration center, libraries, public safety facilities, and major expansion of the road system. SPLOST revenues have also funded the construction of public safety and parks and recreation facilities. More than \$2.3 billion has been collected since 1985 for capital improvements across the County.

Types of Debt

The issuance of General Obligation (G.O.) Bonds is a method of raising revenues for long-term capital financing that distributes the cost over the life of the improvement so that future users help repay the cost. By state law, general obligation bonds require the approval of the voters and the debt ceiling is 10 percent of taxable property. Before G.O. debt is proposed, a public survey is usually performed to determine what the citizenry wants and is willing to finance. Once approved, G.O. bonds are direct obligations, which are backed by the full faith and credit of the County.





Gwinnett County has one issue of G.O. Bonds outstanding at this time. The 1986 General Obligation Bond issue was refunded in both 1992 and 2002. This issue was used to fund the construction/expansion of the library system as well as roads, and was paid in full during 2011.

The 2003 General Obligation Bond provided funding of an expansion of the County's Pre-Trial Detention Center. The 2003 G.O. Bonds have final maturity in 2023. Both sets of G.O. Bonds were rated AAA by all three rating agencies.

The County has established a Debt Service Fund to account for revenues generated by the G.O. Bond tax rate levied against real and personal property. The funds raised through this tax levy are used exclusively for the retirement of the County's G.O. debt. The millage rate associated with this levy is calculated annually at a rate that will allow for the interest and principal payment.

The constitutional debt limit for General Obligation Bonds for Georgia counties is 10 percent of the assessed value of taxable property within the county. The statutory debt limit as of December 31, 2011, for Gwinnett County was \$2,498,643,837 providing a debt margin of \$2,474,541,784 (unaudited). At December 31, 2011, there is a total par amount outstanding of \$51,595,000 in General Obligation Bonds.

The following table reflects the outstanding amounts of General Obligation Debt as of December 31, 2011, for the County's Series 2003 bond issue (unaudited):

Year	Principal	Interest	Total
2012	\$ 3,380,000	\$ 1,845,119	\$ 5,225,119
2013	3,510,000	1,741,769	5,251,769
2014	3,650,000	1,630,719	5,280,719
2015	3,800,000	1,508,194	5,308,194
2016	3,965,000	1,374,681	5,339,681
2017 – 2021	22,645,000	4,450,947	27,095,947
2022 – 2023	10,645,000	430,900	11,075,900
Total	\$ 51,595,000	\$ 12,982,329	\$ 64,577,329

In addition to G.O. bonds, the County issues revenue debt to fund some of its capital needs through a lease agreement between the County and the applicable authority. The County pledges income derived from the acquired or constructed assets to pay debt services. In addition to that pledged revenue, the revenue bonds issued for water and sewer improvements are backed by a pledge of the County's general tax revenues.

The information in the following table reveals the outstanding debt service amounts for the Water and Sewerage Authority as of December 31, 2011 (unaudited).

Outstanding Principal by Issue Combined Water and Sewerage Authority Revenue Bonds

\$2,000,000	Series 2002	Issued 5/1/02
\$20,240,000	Series 2003B	Issued 6/5/03 (partially refunded 7/1/11)
\$233,200,000	Series 2005	Issued 3/17/05
\$118,985,000	Series 2006	Issued 3/9/06
\$190,000,000	Series 2008	Issued 8/21/08
\$241,475,000	Series 2009	Issued 10/22/09
\$163,615,000	Series 2011	Issued 7/1/11

Year	Principal	Interest	Total
2012	\$ 47,250,000	\$ 41,652,996	\$ 88,902,996
2013	57,035,000	39,695,065	96,730,065
2014	58,955,000	37,479,103	96,434,103
2015	61,050,000	35,054,877	96,104,877
2016	63,725,000	32,495,914	96,220,914
2017 – 2021	303,070,000	121,658,864	424,728,864
2022 – 2026	291,465,000	54,328,423	345,793,423
2027 – 2031	86,965,000	6,146,854	93,111,854
Total	\$ 969,515,000	\$ 368,512,096	\$ 1,338,027,096

Bond covenants require that certain debt coverage be maintained to ensure the repayment of the bonds and the continued financial stability of the enterprise. Such is the case with the County's Water and Sewerage bonds. The County has historically maintained coverage ratios in excess of covenants agreed upon in the bond documents.

The County reviews and maintains Water and Sewerage System rates to maintain positive revenue balances while meeting future debt requirements for water and wastewater capital needs. A Water and Sewer Rate Resolution approved in March 2009 increased water and sewer rates over a period of six years beginning in January 2010. Over the six-year time period, the average monthly water and sewer residential bill (based on 6,000 gallons used per month, for a typical residential household) will increase slightly more than 26 percent, from \$69.44 in 2010 to \$94.22 in 2015.

These rate increases will help to offset the debt service cost of existing Water and Sewerage Authority revenue bonds. While the County does not anticipate issuing any additional Water and Sewer debt over the next six years, if favorable market conditions exist, the Water and Sewerage Authority may refund outstanding bonds for debt service savings.

In addition, the County has received a \$54 million loan from the Georgia Environmental Facilities Authority (GEFA) for improvements and construction of the No Business Creek Pump Station and Tunnel. Repayment began in 2011.





Other outstanding debt amounts as of December 31, 2011, are as follows (unaudited):

Georgia Environmental Facilities Authority Loan Series 2004, 2008, 2010

Year	Principal	Interest	Total
2012	\$ 2,339,277	\$ 1,559,150	\$ 3,898,427
2013	2,325,404	1,489,522	3,814,926
2014	2,395,848	1,419,078	3,814,926
2015	2,468,719	1,346,206	3,814,925
2016	2,543,490	1,271,436	3,814,926
2017 – 2021	13,927,885	5,146,741	19,074,626
2022 – 2026	16,178,602	2,896,024	19,074,626
2027 – 2031	10,881,980	565,336	11,447,316
Total	\$ 53,061,205	\$ 15,693,493	\$ 68,754,698

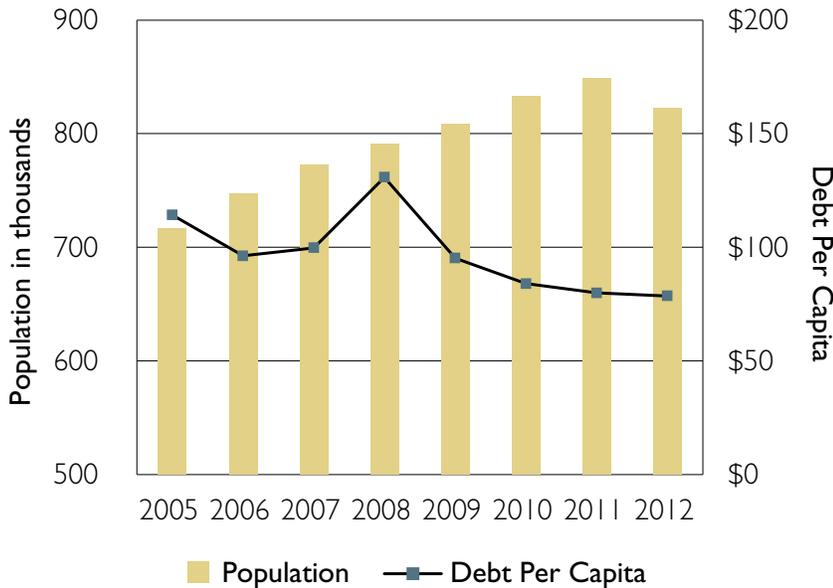
The total annual requirements on all outstanding debt as of December 31, 2011, including interest, are as follows (unaudited, rounded to the nearest thousand):

Year	GO	W&S	Other	Total
2012	\$ 5,225	\$ 88,903	\$ 3,898	\$ 98,026
2013	5,252	96,730	3,815	105,797
2014	5,281	96,434	3,815	105,530
2015	5,308	96,105	3,815	105,228
2016	5,340	96,221	3,815	105,376
2017 – 2021	27,096	424,729	19,075	470,900
2022 – 2026	11,076	345,793	19,075	375,944
2027 – 2031	–	93,112	11,447	104,559
Total	\$ 64,578	\$ 1,338,027	\$ 68,755	\$ 1,471,360

The total annual debt requirement for 2012 is nearly 11 percent of the total operating budget of \$898.4 million, resulting in total operating appropriations less annual debt of \$800.4 million.

Debt per capita is based on total annual debt service payments as compared to estimated county population. Total annual debt requirement for fiscal year 2012 (all debt categories) is approximately \$98 million. Currently, estimated debt service per capita averages nearly \$79 per person. This number has steadily declined over the last few years as the County did not issue new debt in 2010 or 2011 and has focused on paying off its debt. Specifically, in 2010, the County paid off its Recreation Authority Refunding bonds and its 1994 Water and Sewer Refunding Bonds. In 2011, the 2002 General Obligation Refunding Bonds were also paid in full.

Debt Service Per Capita



As the information in this graph reveals, overall the annual debt obligations have grown at a slower rate than population. This is due in part to voter willingness to fund capital improvements by the use of SPLOST program dollars. In addition, periodic refunding opportunities of existing debt obligations are explored to determine possibilities to reduce debt service costs. Gwinnett County strives to fund the expansion of major capital facilities and infrastructure at the lowest possible cost.

Conclusion

The 2012 budget keeps infrastructure and basic core services as the County's priority. The continued emphasis on public safety, criminal justice, plus water and sewer services demonstrate the County's commitment to keeping Gwinnett County a preferred place to live, work, and play.

Detailed information on all facets of the budget can be found within this document. The two sections of the document titled **Operating Funds** and **Capital Funds** quantitatively reflect each operating and capital fund within the budget. There is more detailed information on departments within the **Departmental Information** section. The **Capital Funds** section includes the capital fund summaries, which list all capital projects by fund for each year of the six-year capital program. There is more detail on major capital projects in the **Capital Programs** section.

Your support throughout the budget process is greatly appreciated. Your dedication to effectively address the challenges that face the County is invaluable to the formulation of a functional, fiscally sound, balanced budget. We would like to take this opportunity to thank those who have worked with us to arrive at the 2012 budget.

It is our commitment to continue to support Gwinnett County's mission—the Gwinnett County government will deliver superior services in partnership with our Community—as we address the challenges of the future.



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