



## • executive summary

This section provides an overview of the budget and County government financing. Included is the transmittal letter; a statement of the County's mission, vision, and values; the history of millage rates and property tax digest; financial highlights; key priorities and challenges; policies and procedures; an explanation of the budget process; the budget resolution summary; the consolidated budget for all funds; the County's fund structure and financial status; and debt management information.

January 7, 2014

Dear Stakeholders of Gwinnett County:

It is our privilege to present the Budget Document for fiscal year 2014. This document is a summary of our overall plan for allocating available resources to provide services and sustain Gwinnett County's vision. The budget is the result of many hours of hard work and tough decision making, and we believe it demonstrates the County's long-standing commitment to prudent financial planning.

The Chairman's Budget Review Team, made up of four county residents as well as participating departmental and agency representatives, made recommendations for the budget focusing on priorities set by Commissioners during a strategic planning session held last May. The resident members of the review team are Mark Brock, Norwood Davis, Marian Lucia, and Herman Pennamon. All are budget review team veterans who each bring a different perspective to the process: Brock, an engineer who for many years operated his own firm, is Building Maintenance Director for Gwinnett Public Schools; Davis is the Chief Financial Officer for 12Stone Church; Lucia is retired from her position as Executive Vice President and Chief Information Officer at the Federal Home Loan Bank of Atlanta; and Pennamon runs a consulting practice following his retirement from Georgia Power Company as External Relations Manager.

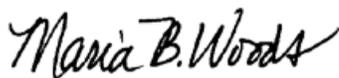
The 2014 budget is based on the same property tax rates as 2013, and expands the delivery of emergency medical services, addresses the issue of employee retention and recruitment, and funds the impact of legislation and other external factors. The budget also preserves core services and absorbs a nearly 10 percent increase in health care costs. Voter approval of the Special Purpose Local Option Sales Tax (SPLOST) renewal last November allowed the review team to budget the use of sales tax rather than property tax for some essential purchases and improvements like ambulances, fire trucks, and road resurfacing.

A history of fiscal responsibility and the ability to anticipate change has enabled us to maintain high levels of service despite economic uncertainty. Gwinnett County also maintains the highest standards of excellence in its financial practices, which has resulted in AAA credit ratings from all three of the credit rating agencies since 1997.

Gwinnett County is excited to turn the page to a new chapter in 2014. The improving housing market, lower unemployment rates, and stock market upswings in 2013 provide signs of potential economic recovery. Gwinnett County was recognized as one of the top 10 counties nationwide in CNN Money Magazine's top 25 *Where the Jobs Are* list in August 2013. Our reputation as a leading community in global business helps us to attract and support growing companies. In fact, Gwinnett County is home to more than 500 internationally based businesses.

We are committed to continuing core services and the quality of life our residents and businesses have come to enjoy through the delivery of efficient, effective services and conservative budgeting practices. We remain vigilant, and we invite Gwinnett County's stakeholders to participate in writing the next chapter.

Respectfully submitted,



Maria B. Woods,  
Director of Financial Services



## 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 and fiscally responsible and deliver services that are among the best in the nation.

## 2014 Budget Dynamics

- Continue 90-day vacancy policy
- Preserve mandated/priority core services
- Continue modified zero-based budget for specific line items
- Continue decision packages for service reductions and service enhancements
- Address employee environment



## Budget at a Glance

On January 7, 2014, the Gwinnett County Board of Commissioners adopted a \$1.5 billion fiscal year 2014 budget that preserves core services and focuses on priorities set by commissioners during a strategic planning session held in May 2013.

The operating budget for fiscal year 2014 totals \$1.027 billion. It includes a 3 percent raise for employees, the first increase in five years, and allocates funds for community outreach, juvenile justice reform, drug court expansion and a library reserve. The budget also absorbs a nearly 10 percent increase in health care costs.

Emergency medical services will be expanded with staffing to support two new med units. A total of 18 positions will be funded: three new positions and 15 that were held vacant during budget cuts in previous years. In addition, the budget funds five positions in response to statewide juvenile justice reform, two in the District Attorney's Office and three in Juvenile Court that were previously frozen.

After five straight years of decline, County officials believe the 2013 tax digest represents the bottom of the drop in overall property tax values in Gwinnett. In addition, slight growth in the tax digest is anticipated for 2014 as values of existing properties stabilize and new construction is added to the digest.

Cost-saving measures remain a priority for Gwinnett County. Among other cost saving measures that remain in place, the County will continue a policy of holding vacant positions unfilled for at least 90 days, a policy that saved the County more than \$7 million in 2013.

While no pay for performance raises are included in the 2014 budget, concerns over employee retention, pay competitiveness, and skill shortages resulted in a 3 percent across the board market adjustment to employee compensation.

Decision packages for service reductions and service enhancements were considered during the development of the 2014 budget. The budget review team looked critically at all requests for funding and made hard decisions to prioritize the requests. Despite millions of dollars in justified requests, the budget includes funding for only a small number of new resources. Fiscal year 2014 decision packages are provided in the *Summary of Legislative/External Impacts* and *Summary of Other Initiatives* tables on pages 6 and 7 in this section of the document.

The fiscal year 2014 capital budget totals \$486 million. The capital budget includes funding for facilities, technology, roads, maintenance, and equipment. Major public safety projects include equipment and vehicles for fire and emergency management, police, and sheriff; a new medical examiner's facility; and an upgrade to the school public safety notification system. Additionally, two proposed library relocations are scheduled for the Duluth and Norcross branches.

Approximately 58 percent of the fiscal year 2014 capital budget resides in SPLOST funds. With voters' approval of the 2014 SPLOST renewal, the County will dedicate 70 percent, or about \$275 million, to transportation projects, including joint city/county projects. The other 30 percent, or approximately \$118 million, will go toward public safety, parks, libraries, and senior facilities.

## Financial Highlights

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

	Operating Budget	Capital Budget	Total	% of Total
Tax-Related Funds	\$ 475,638,931	\$ 45,396,261	\$ 521,035,192	34%
Special Revenue Funds	\$ 41,721,736	\$ 283,101,522	\$ 324,823,258	22%
Enterprise Funds	\$ 388,025,025	\$ 157,091,818	\$ 545,116,843	36%
Internal Service Funds	\$ 121,750,077	\$ -	\$ 121,750,077	8%
<b>Total Budget</b>	<b>\$ 1,027,135,769</b>	<b>\$ 485,589,601</b>	<b>\$ 1,512,725,370</b>	

Tax-Related Funds include the General, General Obligation (G.O.) Debt Service, Fire and EMS District, Police Services District, Development and Enforcement District, Loganville EMS, Recreation, Capital Project, and Vehicle Replacement Funds. The adopted General Fund operating budget totals \$241.3 million. The Tax-Related Funds have an operating budget of \$475.6 million and a capital budget of \$45.4 million.

Special Revenue Funds account for restricted and committed revenues and have an operating budget of \$41.7 million and a capital budget of \$283.1 million. These funds include capital projects related to SPLOST proceeds.

Enterprise Funds account for \$388.0 million of the total operating budget and \$157.1 million of the total capital budget. These funds consist of operations funded primarily from user fees and charges. The County operates five Enterprise Funds related to water and sewer service, stormwater management, solid waste management, transit, and Briscoe Field airport operations. Enterprise operations are managed and operated much like private sector businesses. They 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 adopted Internal Service Funds budget totals \$121.8 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.
2014	\$ 1,027,135,769	-7.1%	\$ 485,589,601	18.8%	\$ 1,512,725,370	-0.1%
2013	\$ 1,105,379,813	16.2%	\$ 408,642,284	-5.6%	\$ 1,514,022,097	9.4%
2012	\$ 951,364,866	-2.7%	\$ 432,900,429	28.3%	\$ 1,384,265,295	5.3%
2011	\$ 977,570,780	-2.4%	\$ 337,358,940	-39.1%	\$ 1,314,929,720	-15.4%

The operating budget for fiscal year 2014 for all funds totals \$1.027 million. The preceding table indicates a \$78 million decrease from the fiscal year 2013 adopted budget. However, the 2013 budget included significant one-time transfers to the new service districts as well as a defeasance of debt. If these items are removed from the comparison, there is an increase of approximately \$44 million, or 4.3 percent.

## The Business Planning Process

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.



The capital budget for fiscal year 2014 for all funds totals \$486 million. Capital project budgets are adopted as multi-year project budgets. While the adopted budget includes a portion of unspent capital funds from prior years, the remaining funds will be carried forward to 2014 after the fiscal year 2013 audit is complete.

## Key Priorities and Challenges

### Property Taxes

Prior to 2008, Gwinnett County experienced the benefits of a growing property tax digest for many years. Over the last five years, however, the County has been challenged by the need to balance core services with declining tax revenue. From 2008 to 2013, there was a 21.2 percent drop in the tax digest.

County officials believe the 2013 tax digest represents the bottom of the drop in overall property tax values in Gwinnett. With property values stabilizing and construction activity increasing, the County is anticipating slight growth in the tax digest in 2014.



The County has budgeted property taxes conservatively to incorporate fluctuations in both the estimated digest and collection rate assumptions. In 2014, the County expects a 2.4 percent increase in the digest in the countywide General Fund, the Recreation Fund, and the Fire and Emergency Medical Services (EMS) District Fund. Additionally, the County estimates a digest increase of almost 2.3 percent in the Police Services District Fund, and 2.2 percent in the Development and Enforcement Services District Fund. About one-third of the total revenue for all operating funds is derived from property taxes.

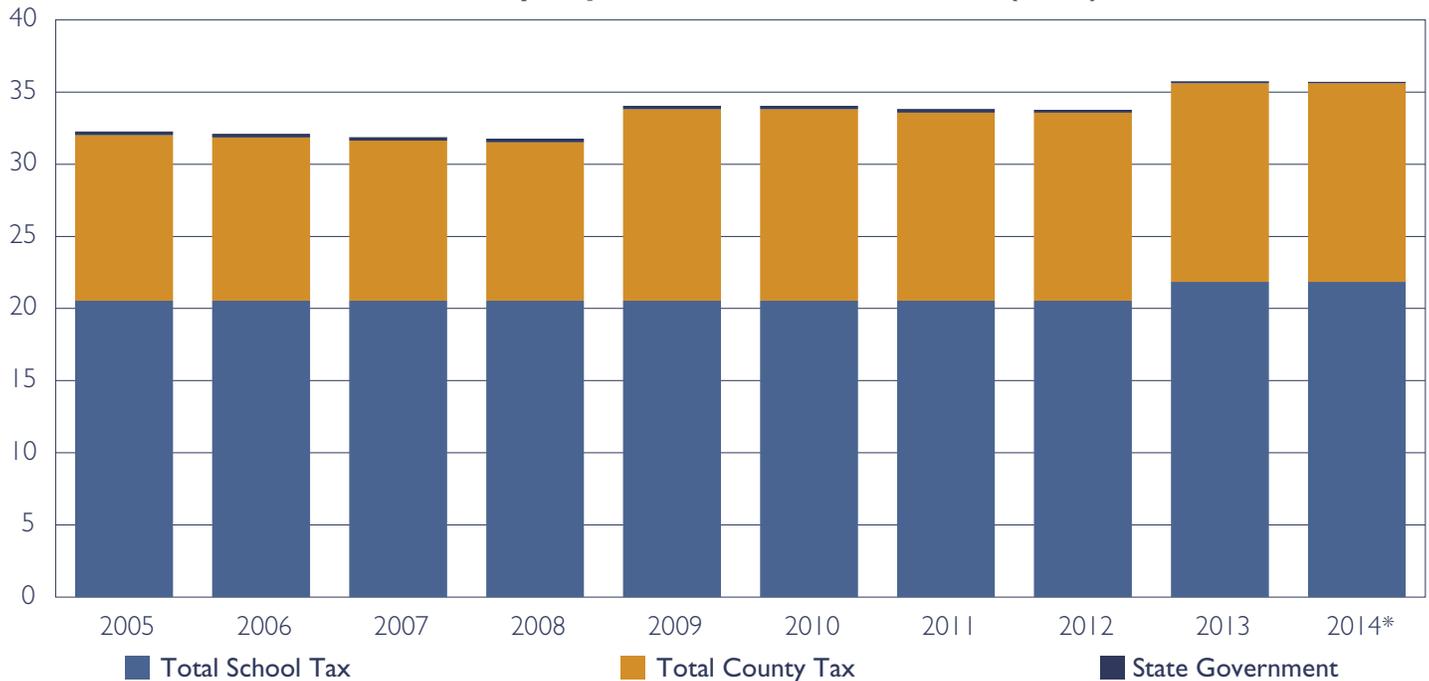
Commissioners will set the millage rate for 2014 property taxes in the summer. Properties will be taxed based on where they are located and what services they receive.

## Tax-Related Funds: Real and Personal Property Tax Rates FY 2005 – 2014 (mills)

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014*
General Fund	10.14	10.00	9.81	9.72	11.78	11.78	11.78	11.78	7.40	7.40
Fire and EMS District	–	–	–	–	–	–	–	–	3.20	3.20
Police Services District	–	–	–	–	–	–	–	–	1.60	1.60
Development and Enforcement District	–	–	–	–	–	–	–	–	0.36	0.36
Recreation Fund	0.84	0.82	0.80	0.79	1.00	1.00	1.00	1.00	0.95	0.95
G.O. Bond Fund	0.24	0.23	0.23	0.22	0.23	0.23	–	–	–	–
G.O. Bond Fund II	0.25	0.25	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24
<b>Total County Tax</b>	<b>11.47</b>	<b>11.3</b>	<b>11.08</b>	<b>10.97</b>	<b>13.25</b>	<b>13.25</b>	<b>13.02</b>	<b>13.02</b>	<b>13.75</b>	<b>13.75</b>
School M & O	19.25	19.25	19.25	19.25	19.25	19.25	19.25	19.25	19.80	19.80
School Bonds	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	2.05	2.05
<b>Total School Tax</b>	<b>20.55</b>	<b>21.85</b>	<b>21.85</b>							
<b>State Government</b>	<b>0.25</b>	<b>0.20</b>	<b>0.15</b>	<b>0.10</b>						
<b>Total Property Tax</b>	<b>32.27</b>	<b>32.10</b>	<b>31.88</b>	<b>31.77</b>	<b>34.05</b>	<b>34.05</b>	<b>33.82</b>	<b>33.77</b>	<b>35.75</b>	<b>35.70</b>

\*The 2014 millage rate is an estimate. The actual rate may be different upon adoption due to possible changes in property tax values that occur in 2014.

## Total Property Tax Rates FY 2005 – 2014 (mills)



\*The 2014 millage rate is an estimate. The actual rate may be different upon adoption due to possible changes in property tax values that occur in 2014.

## Legislative, External, and Other Impacts

State and federal mandated appropriations present budget challenges for Gwinnett County each year. The following table outlines the impact of legislative and external impacts on the 2014 budget:

### 2014 Summary of Legislative/External Impacts

Description/Department/Agency	Appropriation Amount
<b>Juvenile Justice Reform</b>	
Juvenile Court	\$ 724,458
District Attorney	261,574
<b>Advanced Authentication Compliance</b>	
Information Technology	157,695
<b>Increased Federal and State Mandates</b>	
Police	60,751
<b>Title Ad Valorem</b>	
Tax Commissioner	45,000
<b>Campaign Contribution Disclosure</b>	
Elections	19,657
<b>Total Related to Legislative/External Impacts</b>	<b>\$ 1,269,135</b>

**Juvenile Justice Reform** – House Bill 242 seeks to reduce the number of children in secure detention and in out-of-home placements. The state is encouraging the development of local programs to provide services for children who would otherwise be held in secure confinement. Oversight of families and supervision of children in these programs is largely left to local counties and courts. Children who would normally have been removed from the community and treated in secure programs at the state level will now remain with their families in Gwinnett County, and their treatment and supervision will be the responsibility of Gwinnett County and its courts. In response to the legislation, the budget funds two new positions in the District Attorney’s Office and three positions in Juvenile Court that were previously frozen.

**Advanced Authentication Compliance** – Advanced Authentication is a mandate of the Federal Bureau of Investigation (Section 5.6.2.2 of the Criminal Justice Information System Security Policy), which sets forth minimum requirements for all agencies that access any criminal justice information, including systems used by the Courts, Sheriff, Police, District Attorney, and Solicitor. To implement the advanced security controls, the operating budget provides funding for two new Information Technology positions, and the capital budget provides funding for system requirements.

**Increased Federal and State Mandates** – Federal and state mandates for the Police Department have increased significantly in the past few years. While efforts to use volunteers, interns, and consultants have been beneficial, they have not been adequate. To compensate for the increased state and federal mandates, the budget allows for the addition of one new Emergency Management position.



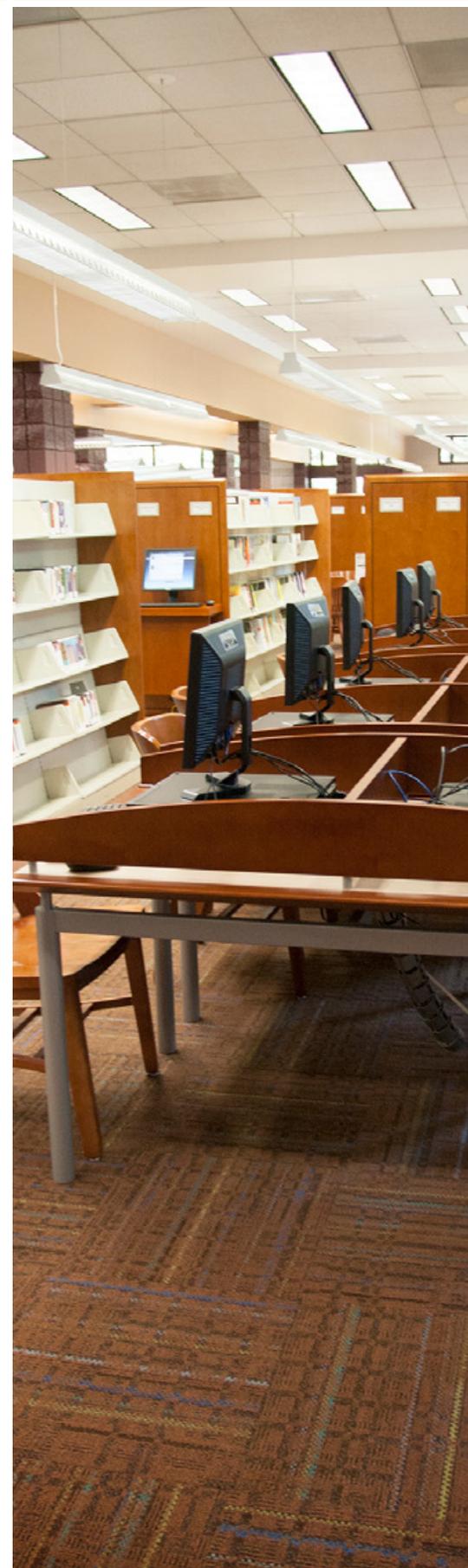
**Title Ad Valorem** – House Bill 266 extended the time period for customers to opt-in to the new vehicle tax program from December 31, 2013, to February 28, 2014. The opt-in eligibility requirements are complex and require front-line staff to spend additional time with each customer to educate them on their options and the financial impact if the customer chooses to remain on the current *ad valorem* tax system or if they choose to opt-in to the new *ad valorem* tax program. Increased funding is needed to retain contract employees who are handling the additional workload in January and February.

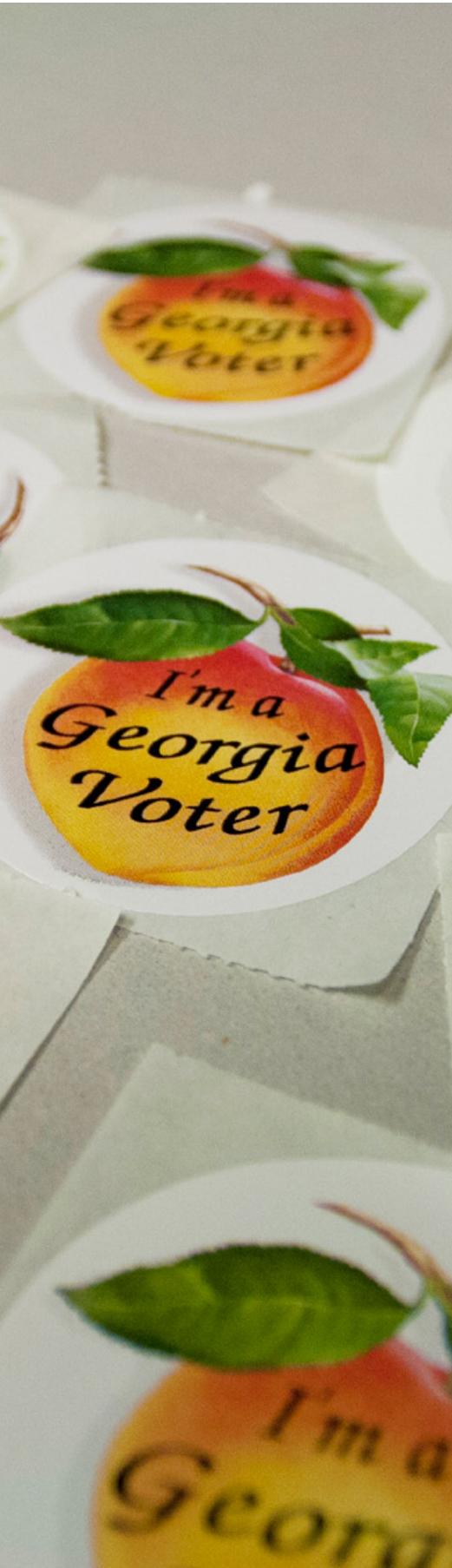
**Campaign Contribution Disclosure** – Effective in 2014, under House Bill 143 and Senate Bill 17, counties are responsible for County Candidate/Elected Campaign Contribution Disclosure Report/Financial Disclosure Statements and late filings of the forms. The budget includes funding for a part-time administrative position to meet the demands associated with the new elections guidelines.

In addition to the legislative and external factors discussed above, the budget is also impacted by decision packages for service reductions and service enhancements. The 2014 budget includes funding for the following decision packages/other initiatives:

## 2014 Summary of Other Initiatives

Description/Department/Agency	Appropriation Amount
<b>Expansion of the Drug Court Program</b>	
Judiciary	\$ 200,000
District Attorney	42,500
<b>District Attorney</b>	
Investigative Legal Coordinator	88,585
<b>Increase outreach efforts to Gwinnett community, including establishment of Gwinnett Citizens Academy</b>	250,000
<b>Information Technology</b>	
Clerk of Court Support	135,000
<b>Elections</b>	
Elections Coordinator Position	62,276
Increase in Poll Worker Training	64,600
<b>Library</b>	
Reserve funding for Library	250,000
<b>Fire and EMS</b>	
Increase Staffing for Med Units	988,825
Three replacement vehicles	129,900
<b>Human Resources</b>	
Employee Health Clinic	1,695,635
<b>Other Requests</b>	40,286
<b>Total Related to Other Initiatives</b>	<b>\$ 3,947,607</b>





**Expansion of the Drug Court Program** – The expansion of the drug court program is intended to increase the number of offenders that can be handled within the drug court. The expansion is expected to reduce the repeat offender rate and reduce pressure on jail space. The budget provides funding for two new positions, one in the District Attorney's Office and one in Judiciary, related to the expansion of the drug court program.

**District Attorney** – The budget includes funding for one new position in the District Attorney's Office to help ease the workload resulting from a significant increase in investigative support requests by law enforcement agencies. The support is for ongoing criminal investigations wherein the police need data held by communication service providers such as phone companies and internet providers.

**Increase outreach efforts to Gwinnett community, including establishment of Gwinnett Citizens Academy** – The budget includes funds that will be used to encourage and facilitate greater community engagement with County government. In addition to establishing the Gwinnett Citizens Academy, funds will be used to support a new community outreach position.

**Information Technology** – Funding for Information Technology support for the Clerk of Court is needed due to an increase in the judicial court case workload. Some of the key initiatives that require ongoing support and maintenance include an upgrade to the e-Court Case Management System, ACH Payment Integration, Electronic Payment Services Integration (e-filing), and SAGE MAS 500 integration with e-Court.

**Elections** – The budget includes funding for an Elections Coordinator position to prepare, develop, and implement staffing plans for cyclical work peaks to maximize workflow and productivity. The budget also includes funding for poll worker training, which will improve accountability and increase awareness of the consequences of not adhering to laws, rules, and regulations.

**Library** – Additional library funding is included in the budget to restore a portion of previously cut funding.

**Fire and EMS** – The budget includes the expansion of emergency medical services with staffing to support two new med units. The budget also includes three vehicles to replace older vehicles.

**Human Resources** – The budget provides funding for an onsite employee health clinic, an enhancement to the County's existing Wellness Program. Onsite health centers offer many advantages, including enhancing the quality and cost effectiveness of medical and prescription drug services received by employees and their dependents; improving access to primary, preventative, and urgent care; and increasing employee morale and worker productivity.

**Other Requests** – Other budget requests include the following:

- Increase Information Technology support
- Implement a Treasury Payment Manager to reduce checks and make electronic payments the standard
- Reduce the budget in the County Administrator's Office
- Upgrade three Senior Services Homemaker positions to full-time status to provide more homemaking hours to seniors in need (the increased cost will be covered with grant funds)

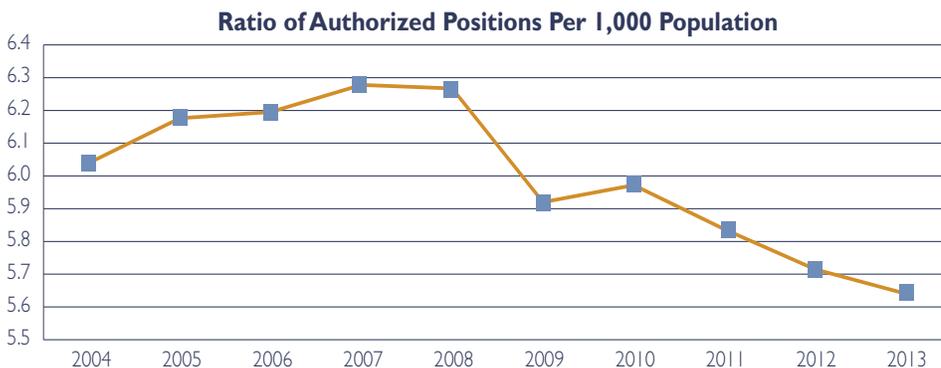
- Maintain 24-hours-a-day Magistrate coverage
- Increase Police K-9s due to demand
- Replace nearly obsolete equipment, decrease inmate processing time, and improve the accuracy of criminal history information in the Sheriff's Office with live scan palm print identification systems
- Purchase fingerprint scanners for the Sheriff's Office to enhance public safety

## Employee Environment

Faced with the loss of employees to an improving marketplace and an overall vacancy rate of 7 percent, addressing concerns over the employee environment was of significant importance during the development of the 2014 budget. After conducting a compensation survey which confirmed that adjustments to compensation in Gwinnett County lagged those of neighboring jurisdictions over the past five years, the County responded with a 3 percent across-the-board market adjustment to full-time employee compensation. This market adjustment, which will cost an estimated \$8 million in fiscal year 2014, is intended to help the County address concerns over employee recruitment and retention, pay competitiveness, and skill shortages.

## Staffing Levels and Population Growth

Gwinnett County faces an ever present challenge of maintaining service levels with fewer employees and less funding for operational costs. Even as the economy slowed, the County's population continued to grow. Each year the County has added thousands of new residents, resulting in greater demand for services with fewer available resources.



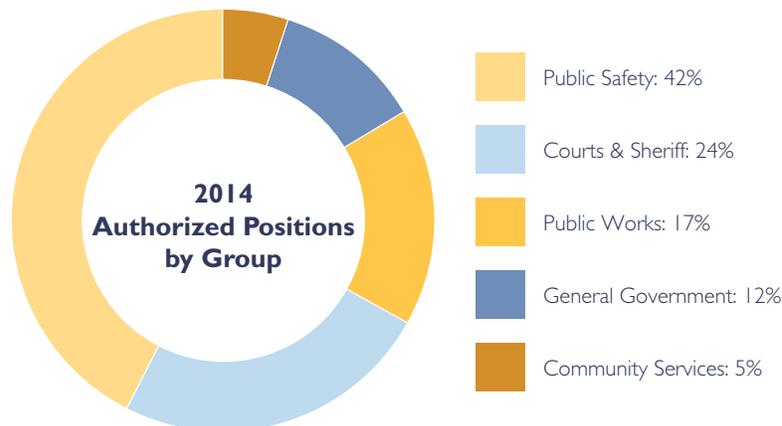
Sources: Gwinnett County Department of Financial Services and U.S. Census. 2013 population estimate from Moody's Analytics Forecast.



## Gwinnett County Authorized Position History

Agency	Group	2011	2012	2013	2014 Adopted
Clerk of Court	Courts & Sheriff	105	105	105	105
Clerk of Recorder's Court	Courts & Sheriff	17	17	17	17
Community Services	Community Services	242	241	240	244
Corrections	Public Safety	134	134	134	134
County Administration	General Government	35	35	35	36
District Attorney	Courts & Sheriff	103	103	105	107
Financial Services	General Government	124	125	116	116
Fire Services	Public Safety	844	844	844	847
Human Resources	General Government	36	37	36	36
Information Technology	General Government	116	116	116	118
Judiciary/Court Administration	Courts & Sheriff	98	98	98	99
Juvenile Court	Courts & Sheriff	61	62	61	61
Law	General Government	16	16	16	16
Planning & Development	Public Works	76	60	76	76
Police Services	Public Safety	1,065	1,065	1,065	1,066
Probate Court	Courts & Sheriff	21	21	21	21
Water Resources	Public Works	576	593	579	579
Recorder's Court Judges	Courts & Sheriff	9	9	9	9
Sheriff	Courts & Sheriff	706	706	706	706
Solicitor	Courts & Sheriff	54	54	55	55
Support Services	General Government	106	104	116	116
Tax Commissioner	General Government	118	118	118	119
Transportation	Public Works	143	145	143	143
<b>Total</b>		<b>4,805</b>	<b>4,808</b>	<b>4,811</b>	<b>4,826</b>
Unallocated	General Government	10	4	14	27

Positions are full-time regular employees and permanent part-time employees. Grants and capital positions are included in this table.



## Accrued Liabilities

A challenging area for the County, like other governments, has been funding its Defined Benefit (DB) Pension and Other Post-Employment Benefits (OPEB) 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. With the County's 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. Investment returns averaging more than 13 percent over the past five years have also helped improve the funding ratio.

## Workforce Health

Medical studies continue to confirm that employee wellness programs achieve significant returns on investments for employers. Promotion of the Gwinnett County wellness program will continue in 2014 through countywide communications, wellness-related educational meetings, financial incentives to reward participation, a wellness fair, and Lunch and Learns scheduled throughout the year.

From May 1, 2009, to July 1, 2013, wellness and disease management services were provided by Alere, a national health management company. Following completion of the Request for Proposal (RFP) process, Asset Health was chosen to provide wellness program services, effective July 1, 2013.

Asset Health offers an interactive, user-friendly website with state-of-the-art tools to educate and motivate employees to improve their overall health. Maintaining good health is less costly than paying for medical treatment; therefore the purpose of the wellness program is to encourage employees to proactively address their medical risk factors before those risks develop into medical issues. The County expects the wellness program to contribute to lower health claim costs in the future and improved job presence and performance.

Beginning January 1, 2013, disease management (DM) services were administered by the County health plans – Blue Cross Blue Shield and Kaiser Permanente. DM services are available to plan members being treated for certain major illnesses. The DM services provided by the County's health insurance carriers include educational resources, medical support, and assistance with identifying the most reasonable and effective treatment available to the patient, based on the terms of his/her health insurance plan. Participation in the program has a positive impact on the cost and quality of the patient's care.

## Health Benefit Costs

The County has been effective in managing the cost of health care benefits. Major provisions of the *Affordable Care Act* became effective January 1, 2014, impacting the cost of medical insurance benefits.

In 2013, the County continued to seek new and innovative ways to slow the rise in health benefit costs. The County worked with broker Aon Hewitt to prepare for the impact of 2014 *Affordable Care Act* provisions. Recognizing which factors are within its control and educating employees and retirees about those factors will continue to be the County's primary focus.





## 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 is 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

The concept of Lean refers to the identification and implementation of improvements and efficiencies that add value to an organization and reduce waste. 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 residents for their investment within the limitations of our current resources.

## Economy

The improving housing market, stock market upswings, and declining unemployment rates in 2013 have indicated some potential signs of economic recovery. However, economic uncertainty, political instability, and national debt concerns will continue to present threats to the economy in 2014. With these conflicting economic realities, economists' forecasts for 2014 and beyond are understandably mixed.

In September 2013, the Federal Reserve announced that it expects the jobless rate to improve in 2014, projecting an unemployment rate between 6.4 and 6.8 percent for the year. The Congressional Budget Office (CBO), on the other hand, is less optimistic. In its *Budget and Economic Outlook: Fiscal Years 2013 to 2023* report published in February 2013, the CBO projected a 7.8 percent unemployment rate in 2014.

The local job market in Gwinnett County continues to fare better than most other counties across the state and the nation. For many years, the County has consistently boasted annual unemployment rates below national and state levels. Gwinnett County achieved an 11.3 percent job growth rate from 2010 to 2012.

## 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. The County's COOP plan includes a relocation strategy for 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 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:

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

The County completed its **2030 Unified Plan**, and it was adopted by the Board of Commissioners in February 2009. 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 established updates for the Comprehensive Plan, the Consolidated Plan, and the Comprehensive Transportation Plan. In 2013, the County initiated the first components of a limited update of the 2030 Unified Plan. The update will not involve rewriting the whole plan, but there are some areas that need adjustment based on the new economic reality and input from the current commissioners. Recalibrating the plan to reflect current circumstances and the latest data will keep the 2030 Unified Plan fresh and useful.

The components of the plan update completed in 2013 include the 2009 – 2014 Short-Term Work Program Report of Accomplishments and a 2014 – 2019 Short-Term Work Program, which was submitted to and reviewed by the Atlanta Regional Commission in December 2013. Additionally, complex fiscal modeling using current economic data was completed in 2013. These modeling results will be the basis for the remainder of the plan update.

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since

1997 **triple AAA**

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Fitch Ratings

Moody's Investors Services

Standard and Poor's



The next phase of the plan update, beginning in early 2014, will rely heavily on stakeholder input to review community goals, needs, and opportunities to assist staff in identifying new policies and implementation steps to be incorporated into the 2030 Unified Plan, all of which will be organized around the same central themes from the original plan.

The **Solid Waste Master Plan** was last amended in 2008 after an intensive 16-month study undertaken by national solid waste experts and an extensive stakeholder participation process in which more than 5,000 local residents participated. The plan update addresses provisions that were required by state law and regulations by examining the five core planning elements: waste reduction, waste collection, waste disposal, land limitation, and education and public involvement. The solid waste plan continues to represent an important planning document for Gwinnett County and the participating municipalities.

The **Comprehensive Transportation Plan (CTP)** informs Gwinnett County officials and its residents on the subject of future transportation needs, projects that address those needs, and the advantages, costs, and potential funding sources for those projects. The CTP is paired with the Unified Plan's Comprehensive Land Use Planning element. Together, these two documents define the long-term comprehensive vision for growth of the County, and a plan for investment in the County's transportation system and other supporting infrastructure. The current CTP was developed in 2007 – 2008. The County intends to initiate an update to the CTP in 2014.

The Department of Transportation is continuing work on the implementation of the **Transit Development Plan (TDP)**. The TDP is a five-year plan to support the programming of related projects in the Atlanta Regional Commission's Transportation Improvement Program. Thus, it is used to support the justification of projects where the County would be seeking 80 percent federal aid and 10 percent state aid. In turn, it provides the County with estimates for the 10 percent local funds needed to be programmed in the annual County capital budget. In addition, the TDP provides guidance on the short-term amount of operating budget required to operate the bus system and how much funding the County can expect from federal and state sources.

While Gwinnett County Transit is not in a growth mode primarily due to budget considerations, information in the TDP has been used to make modifications to some transit routes to maximize the efficiency of those routes. These modifications follow the County's continued commitment to pursue increased ridership while maintaining the current level of both service delivery and operating costs.

Gwinnett County has a history of being proactive in addressing its parks and recreation needs. Planning is key, but plans cannot remain static—not in a county whose population has grown from about 72,000 in 1970 to more than 850,000 today. Improvements in the parks and recreation system have been hard pressed to keep pace with this growth. Gwinnett County is consistently re-evaluating the long-term recreation plan in a fiscally responsible manner, relying heavily on community involvement in the process. Gwinnett County's **Comprehensive Parks and Recreation Master Plan** provides a roadmap for addressing these issues. Gaps in service levels are identified, solutions are suggested, and costs for construction and operations are estimated. The plan incorporates numerous factors including population growth, cultural diversity, leisure trends, service delivery, budgetary constraints, and resident input.

Keeping Gwinnett a preferred place to live includes making it easier for people to walk, run, and bike through their neighborhoods and to and from attractions such as local parks, schools, churches, and neighborhood shopping. Walking consistently ranks as the most popular recreational activity for Gwinnett's residents and is one of the healthiest activities. The **Open Space and Greenway Master Plan** comprehensively explores open space acquisition, the development of a County greenway system, as well as administrative, management, and funding analysis. It is used as a guide to increase recreational opportunities, protect greenspace, and link neighborhoods.

The Gwinnett County **Water and Wastewater Master Plan**, adopted in 2012, was the first major County plan to be completed that is fully aligned with the 2030 Unified Plan. This plan was jointly developed by the Department of Planning and Development and the Department of Water Resources, along with a large team of consultants, County staff, and residents. The plan outlines the water and wastewater infrastructure needs in the County through 2030, establishing "triggers" that will be measured and monitored by staff on an annual basis in order to establish a realistic project design and construction timeline to ensure that these infrastructure needs continue to be met for the residents of Gwinnett in a "just in time" fashion. This plan was selected in 2013 for the Georgia Association of Water Professionals Master Plan Spotlight Award.

Each year County staff develops a six-year, long-range **Capital Improvement Plan (CIP)** that describes and prioritizes the capital projects the County intends to undertake. The CIP is described in more detail in the Capital Asset Investment and Management Policy on pages 20 – 21 in this section of the document. Refer to section VI for a description of Gwinnett County's major capital achievements in fiscal year 2013 and the programs that make up the 2014 – 2019 CIP.

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.

## Policies and Practices

Gwinnett County has established policies and practices for the following financial areas:

- Accounting Practices
- Long-Term Financial Planning Policy
- Operating and Capital Budget Policy
- Grant Administration Practices
- Investment Policy
- Capital Asset Investment and Management Policy
- Debt Management Practices
- Risk Management Practices
- Purchasing Practices

In addition to the policies and practices for the financial areas listed above, the County has established reserve policies for the General Fund, Special Revenue Funds, and Enterprise Funds. Summaries of the significant policies, practices and reserve policies follow.



### 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.

Gwinnett County prepares financial statements in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. In addition to the fund financial statements, governmentwide statements (including all governmental and proprietary 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. Expenditures are recorded at the time goods or services are received.

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 are received. The focus of accounting for proprietary funds is on determination of net income.

### Long-Term Financial Planning Policy

The purpose of the Long-Term Financial Planning Policy is to ensure the County's ongoing financial sustainability beyond a single fiscal year budget cycle in light of our long-term service vision and objectives. Financial sustainability is defined as the County's long-term financial performance and positioning where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services. This policy is intended to describe particular elements or aspects of such long-term planning programs within the County and to memorialize this financial practice into a formal policy.

The policy is based on a commitment to long-term financial planning. The Long-Term Financial Plan (LTFP) process evaluates known internal and external issues impacting the County's financial condition. Such issues are identified, presented, and mitigated when and where possible. The process begins by identifying critical areas that have, or are expected to have, an impact on the financial condition of the County over the next five years. Once the issues are identified, specific goals and objectives are developed for each structural deficiency. The LTFP is a constantly changing and evolving document that is routinely updated and presented on an ongoing five-year rolling basis. The LTFP is incorporated into the County's Business Planning Process and presented to the Chairman, the Board of Commissioners, and staff throughout the formulation of the annual financial plan. The LTFP is intended to help the County achieve the following:

1. Ensure the County can attain and maintain financial sustainability
2. Ensure the County has sufficient long-term information to guide financial decisions
3. Ensure the County has sufficient resources to provide programs and services for the stakeholders

4. Ensure potential risks to ongoing operations are identified in the long-term financial planning process and communicated on a regular basis
5. Establish mechanisms to identify early warning indicators
6. Identify changes in expenditure or revenue structures needed to deliver services or to meet the goals adopted by the Board of Commissioners

The LTFP forecasts revenues, expenditures, and financial position at least five years into the future or longer where specific issues call for a longer time horizon.

The LTFP provides meaningful analysis of key trends and conditions, including but not limited to:

- a. An analysis of the affordability of current services, projects, and obligations
- b. An analysis of the affordability of anticipated service expansions or investments in new assets
- c. An analysis of the County's financial position

County staff regularly looks for and implements opportunities to improve the quality of the forecasting, analysis, and strategy development that is part of the planning process. These improvements are primarily identified through the comparison of projected performance with actual results.

Long-term structural balance is the goal of long-term financial planning at the County. Should the long-term forecasting and analysis show that the County is not structurally balanced over the five-year projection period, staff would then make recommendations for the Board of Commissioners' consideration on how the plan can be brought into balance.

The LTFP addresses strategies for ensuring that the County's long-term liabilities remain affordable. The Board of Commissioners supports efforts to ensure that critical long-term liabilities like debt service, asset maintenance, pensions, and other post-employment benefits remain affordable.

### **Operating and Capital Budget Policy**

The formulation of the Operating and Capital Budget, including publication of this comprehensive budget document, is one of the most important financial activities that Gwinnett County undertakes each year. The budget policy is intended to provide guidelines to assist in the formulation of the budget and consideration of broader implications of financial decisions.

The operating and capital budgets are developed annually using supplemental programs, such as departmental business plans and performance measures. The policy establishes a comprehensive plan to deliver efficient services to residents and stakeholders of the County in a manner that aligns resources with the policy, goals, mission, and vision of the County. The policy applies to all funds under the budgetary and fiscal control of the Chairman and the Board of Commissioners.

The budget is constructed around the Board of Commissioners' vision for the long-term direction of County services and associated desired culture and environment. When appropriate, a needs assessment of stakeholders' priorities, challenges, and opportunities are integrated into the visioning process to assist with the establishment of both short-term and long-term goals. The County provides meaningful opportunities for stakeholder input, and seeks to maximize the value each stakeholder receives through its spending. Accordingly, staff develops budget tools and methods to measure and maximize value, particularly by critically examining existing spending patterns.





Operating Revenues and Other Financing Sources must fully cover Operating Expenditures/Expenses, including debt service and Other Financing Uses. The budget is prepared in a manner that reflects the full cost of providing services. Internal Service Funds are maintained to account for services provided primarily to departments within the County.

The County takes an objective and analytical approach to forecasting revenues, expenditures, and expenses as accurately as possible. Though the County will use the best information available to estimate revenues accurately, absolute certainty is impossible. Should revenues be overestimated, the spending plans and priorities established during the budget process are used to propose amendments to appropriations and spending as required to balance the budget.

The Department of Financial Services monitors revenue inflows and expenditure/expense outflows to assess the implications of the annual budget in order to provide timely updates on actual financial performance. Monthly Financial Status Reports and archives are available on the County's website on the [Your Money](#) page. The Department of Financial Services also develops financial forecasts for at least the next five years.

The County fully funds current portions of long-term liabilities in order to maintain the trust of creditors and avoid accumulating excessive long-term liabilities.

The County has many funding requirements established by the United States federal government and the state of Georgia. The County is directed by a large body of laws, program mandates, rules, and policies which can dictate its operations. It is the County's policy to effectively and efficiently manage its operation in conformity with these legal directives.

State law requires the County to adopt an annual balanced budget by formal resolution for the General Fund, each Special Revenue Fund, and each Debt Service Fund in use. In addition to what is required by law, the Board of Commissioners will also adopt an annual balanced budget for all proprietary funds in use. State law also requires the Board of Commissioners to adopt and operate under a project-length balanced budget for each capital project fund. The project-length balanced budget is adopted by ordinance or formal resolution in the year that the project begins. Further, at a minimum, the legal level of control is at the department for each fund for which a budget is adopted.

The Chairman submits a proposed budget governing expenditures/expenses of all county funds on an annual basis to the Board of Commissioners, no later than December 1. The budget should include capital outlay and public works projects for the following year. The procedures for budget preparation, submission to the Board of Commissioners, review by the Board of Commissioners, public review, notice, and hearings are provided in state law as well as in the County ordinance. County ordinance requires the budget be adopted by the Board of Commissioners at the first regular meeting in January of the year to which it applies.

Gwinnett County adopts governmental fund type budgets on the Modified Accrual Basis of Accounting, with the following exception: changes in the fair value of investments are not treated as adjustments to revenue in the annual operating budget. Proprietary fund types are budgeted on the Full Accrual Basis of Accounting, with the following exceptions: a) changes in the fair value of investments are not treated as adjustments to revenue in the annual operating budget, b) debt service and capital lease principal payments are treated as expenses in the annual operating budget, c) depreciation expense is not recognized in the annual operating budget, and d) capital purchases are recognized as expenses in the annual operating budget.

Budget amendments are considered and adopted by the Board of Commissioners at formal business meetings except for specific adjustments when limited authority is delegated to the Department Director, the Director of Financial Services, and the County Administrator as prescribed within the adopted budget resolution. See page 28 in this section of the document for the 2014 Budget Resolution Summary.

## 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 are too costly.

## Investment Policy

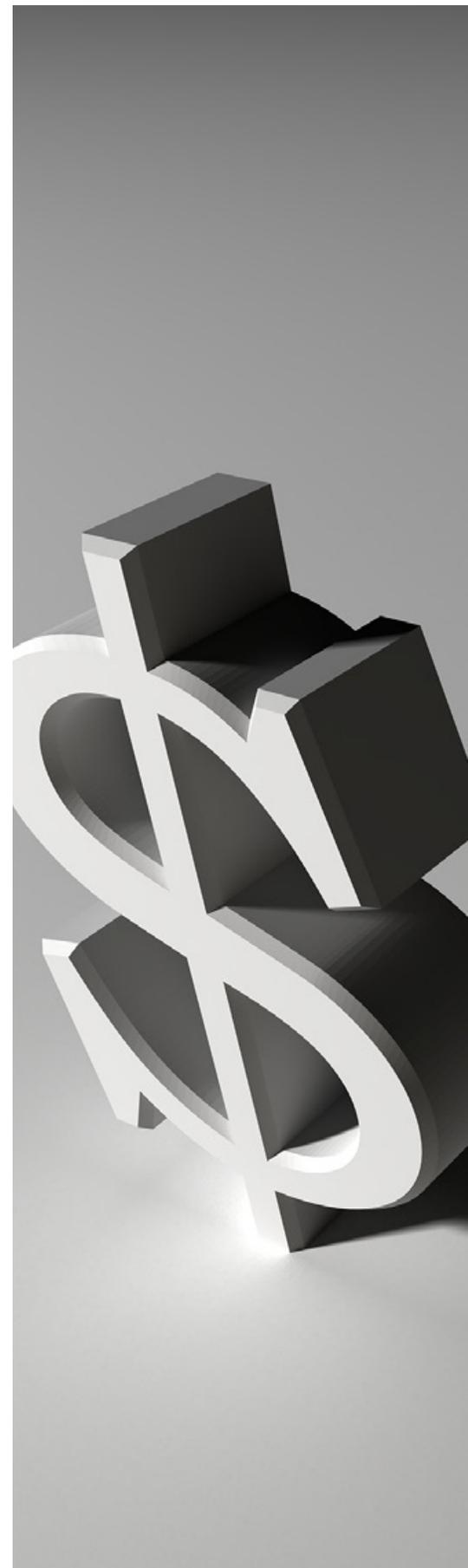
Investments are safeguarded in accordance with sound business principles and applicable laws to provide that prudent investment decisions are made in an effort to protect public funds, minimize market and security risks, and maximize the use of funds with respect to liquidity and yield. All investments 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 April 2012 to achieve the investment objectives of safety, liquidity, compliance, and return. The protection of principal against default and investment risk is paramount.

The County's Investment Policy governs the overall administration and investment management of those funds held in the County's Liquidity, Investment, and Bond Portfolios, excluding pension and other post-employee benefit trusts.

The Director of Financial Services, who is subject to the supervision of the Deputy County Administrator, is given the authority to buy, sell, or hold individual securities. The director establishes and implements the necessary structure and financial reporting and controls in order to achieve the objectives of the investment policy. An Investment Committee serves in an advisory capacity that is responsible for adequately communicating appropriate objectives and goals to the Chairman, Board of Commissioners, Deputy County Administrator, and Director of Financial Services. The Department of Financial Services provides administrative support to the Investment Committee and maintains written records of the committee's activities. The Investment Committee may directly select, contract for services, and otherwise engage investment managers, investment consultants, and other professionals to assist in managing County funds.

External contracted investment professionals and committee members, managers, and staff involved in the investment process must refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions.

Authorized investments the County is permitted to invest in include the following securities: U.S. Treasury Obligations, U.S. Federal Agency Obligation Bonds, Repurchase Agreements, Prime Bankers' acceptances, Municipal Obligations Bonds, Certificates of Deposit insured by the Federal Deposit Insurance Corporation, Local Government Investment Pool, and bank deposits secured in accordance with Georgia law. Investments not specifically addressed by the County's Investment Policy are forbidden without the Investment Committee's written consent.





Maximum maturities of the County's securities are required in order to maintain adequate cash flow to meet the liquidity needs of the County. Selection of investment maturities must be consistent with the cash requirements of the County in order to avoid the forced sale of maturities prior to maturity. Investments are segregated into three categories based on expected liquidity needs and purposes:

1. **Liquidity Portfolio:** Short-term assets invested in permitted investments with an average maturity of 12 months or less. The Director of Financial Services will at times endeavor to maintain a liquidity reserve set at a minimum of 1/12 of the total expenditures of the preceding fiscal year. The reserve should be held intact, to be used exclusively for emergencies or unforeseen circumstances. This policy applies to the County's operating funds and not to capital projects funds.
2. **Investment Portfolio:** The Investment Portfolio is composed of investments with a stated maturity of no more than five years from the date of purchase. To control the volatility of the core portfolio, the Investment Committee determines a duration target not to exceed three years.
3. **Bond Proceeds:** Bond proceeds are invested in compliance with the specific requirements of the bond covenants without further restriction as to the maximum term to maturity of securities purchased. However, the duration of the bond proceeds portfolio should not exceed two years without the approval of the Investment Committee.

The County is prohibited from the following investments and investment practices: short sales, borrowing funds for the sole purpose of reinvesting the proceeds of such borrowing, commodities and futures contracts, private placements, options, letter stock, speculative securities, domestic or international equity securities, fixed income mutual funds, any derivative that does not pass the Federal Financial Institutions Examination Council (FFIEC) High Risk Security Test 1 and 2 at any time using Bloomberg pre-payment speeds, and any investment instrument prohibited by Georgia state law.

It is the County's policy to make all securities purchases and sales only with Qualified Institutions or Approved Broker Dealers through a formal and competitive process requiring the solicitation and evaluation of at least three bids/offers. The County accepts the offer that has the highest rate of return within the maturity required that optimizes the investment objective of the overall portfolio. When selling a security, the County selects the bid that generates the highest sales price.

The Director of Financial Services or Investment Manager prepares an investment report not less than quarterly for the Investment Committee and the Board of Commissioners. The report must include a summary of recent economic developments, investment strategies employed, descriptions of all securities held in investment portfolios, performance and benchmark data, and any potential areas of concern that may warrant revisions to investment strategies.

### **Capital Asset Investment and Management Policy**

Capital assets have a major impact on the ability of the County to deliver services contributing to the economic vitality and overall quality of life for Gwinnett stakeholders. The purpose of Gwinnett County's Capital Asset Investment and Management Policy is to provide guidelines for allocating limited resources to capital investments.

Each year, County staff develops a six-year, long-range Capital Improvement Plan (CIP) that describes and prioritizes the capital projects the County intends to undertake. A CIP describes the capital projects and associated funding sources the County intends to

undertake in the current year plus five additional future years, including the acquisition or construction of capital facilities and assets and the maintenance thereof. In Gwinnett County, a capital project is defined as a project with a useful life of 10 years or more and a cost of at least \$250,000 within six consecutive years or more than \$100,000 in one year.

The Department of Financial Services is responsible for coordinating the CIP process and compiling the CIP document within the annual budget calendar. All projects submitted for consideration of inclusion within the CIP, with minor and occasional exceptions, should be based on investments called for by master plans that have been formally reviewed and adopted by the Board of Commissioners. Operating and maintenance cost estimates are reflected in departmental operating plans.

The County has provided financial resources for the CIP through three primary methods: Special Purpose Local Option Sales Tax, pay-as-you-go, and debt financing. These methods are expected to be used for future CIPs. The policy provides guidelines for choosing between pay-as-you-go and debt financing.

An objective set of criteria is used to assess and evaluate project proposals. Although specific criteria may be updated from time to time, the following concepts are core principles to be considered in the development of such criteria:

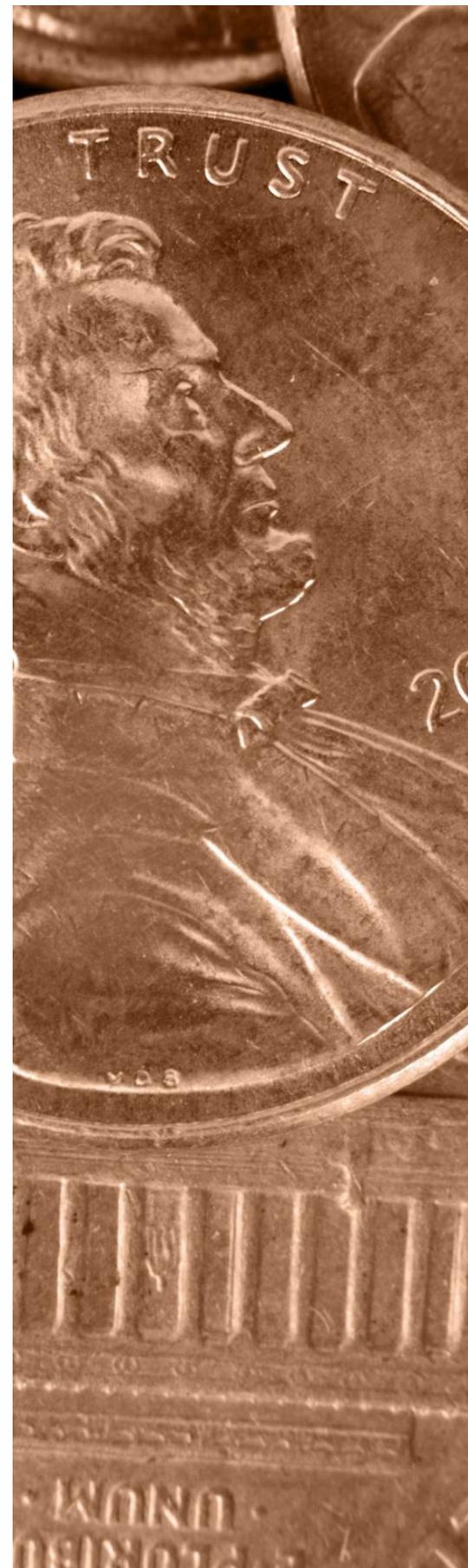
1. **Long-Term Forecasts:** Long-term forecasts should be prepared to better understand resources available for capital spending and to assess operational impacts and eventual maintenance replacement costs.
2. **Impact on Other Projects:** Projects should not be considered in isolation. One project's impact on others should be recognized and costs shared between projects where appropriate.
3. **Allow for Funding of Preliminary Activities:** For some projects it may be wise to fund only preliminary engineering/planning before committing to funding the whole project. However, even these expenditures can be considerable; therefore they should be evaluated, analyzed, and prioritized appropriately.
4. **Full Lifecycle Costing:** Cost analysis of a proposed project should encompass the entire life of the asset, from planning and acquisition to disposal.
5. **Predictable Project Timing and Scope:** Schedule and scope estimates should be practical and achievable within the requested resources, including financial and human.

## Debt Management Practices

In 2008, the Department of Financial Services established a set of guidelines for debt issuance processes. The purpose of Debt Management Practices is to establish parameters and guidelines governing the issuance, management, and evaluation of all debt obligations issued by Gwinnett County, and to provide for the preparation and implementation of procedures necessary to assure compliance and conformity with the practices.

It is the practice of Gwinnett County that capital requirements be funded by a combination of reserves, current revenues, and municipal debt. The County subscribes to the following long-range targets:

- Dedicated Special Purpose Local Option Sales Taxes (SPLOST) revenues are employed to the maximum extent possible.
- Revenue bonds are used as needed, especially for enterprise activities and parks/recreation funding.
- General Obligation Bonds are employed only where there are no other viable revenue sources.





- The maximum targeted use of debt in the Capital Improvement Program will not exceed 35 percent of the total CIP for any six-year plan period.

The County may periodically issue debt obligations to finance the construction or acquisition of infrastructure and other assets for the purpose of meeting its governmental obligation to its residents. It is the County's desire and direction to ensure that such debt obligations are issued and administered in such a manner so as to obtain the best long-term financial advantage to the County, while making every effort to maintain the County's bond ratings and reputation in the investment community.

The County plans long- and short-term debt issuances to finance its capital program based on its cash flow needs, sources of revenue, capital construction periods, available financing instruments, and market conditions. The Director of Financial Services and Deputy County Administrator, working with staff, oversees and coordinates the timing, issuance process, and marketing of the County's borrowing and capital funding activities required in support of the Capital Improvement Plan. The financing of capital needs is determined by the timing of infrastructure needs, as well as anticipated revenue streams. Debt is one method the County considers when funding the Capital Improvement Plan.

When issuing debt, the County meets all state laws and requirements and follows budgetary and fiscal processes to ensure the preservation of a sound financial position and favorable credit rating. See the Debt Summary discussion on page 45 in this section of the document for additional detail on County practices regarding debt usage.

### **Risk Management Practices**

The Board of Commissioners is authorized to provide for the programs of risk management, insurance, and workplace safety for Gwinnett County. The County defines Risk Management as a process whereby Gwinnett County uses the techniques of avoidance, control, non-insurance transfers, insurance, and retention to reduce and eliminate property and casualty exposures.

The County manages its risks by purchasing limited liability coverage and internally setting 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.

The Department of Financial Services and the Department of Human Resources jointly administer a risk management program. The Department of Financial Services manages the safety program and provides technical support to the Department of Human Resources for the management and monitoring of the workers' compensation program.

It is the objective of the Board of Commissioners that Gwinnett County should maintain efficient, productive, and well-managed risk management, insurance, and safety programs. The Board of Commissioners believes that the involvement, participation, and support of this policy statement and all other efforts of the Department of Finance and the Department of Human Resources related to these programs greatly benefits all Gwinnett County employees and elected officials, as well as the residents of the County.

All County officials and employees are strongly encouraged to follow the lead of the Board of Commissioners in endorsing, cooperating with, participating in, and supporting the activities of these programs.

It is the responsibility of all managers and employees to see that facilities and equipment are properly maintained and that operations are carried out in a safe manner. No loss of life or injury to employees or members of the public is acceptable. When accidents occur, they cause untold suffering and financial loss to County employees, their families, Gwinnett County, and the public. The time lost from jobs, medical expenses, compensation payments, property damage, liability claims, and rising insurance costs drain tax dollars away from much-needed services and programs and reduce efficiency. These losses must be minimized by countywide participation in programs to reduce injuries, illness, property damage, fires, liability claims, and security losses.

### Purchasing Practices

The Board of Commissioners adopted the *Gwinnett County Purchasing Ordinance* in April 1995, and amended it with the sixth revision on December 14, 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.

Additional purchasing process procedures and guidelines are documented in support of the purchasing ordinance. These include the Purchasing Procedures Manual, revised December 14, 2010, the Purchasing Associate II Manual, updated July 1, 2011, and the Purchasing ASA Manual, updated December 21, 2010.

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 Purchasing Director as soon as practical. Any purchase made under these conditions at a cost greater than \$100,000 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	Each user department is granted the authority, at the discretion of the Department Director, to handle purchases where the cost is less than \$5,000.
\$5,000 – \$9,999.99	Purchasing staff shall obtain commodities and services competitively through telephone solicitations by obtaining a minimum of three quotations.
\$10,000 – \$100,000	Purchasing staff shall obtain commodities and services competitively through written quotations by obtaining a minimum of five quotations.
Above \$100,000	Requires solicitation of formal, sealed bids/proposals by the Purchasing Division staff. Award approval of the bids/proposals are made at a formal meeting by the Board of Commissioners.



### Reserve Policies

Through adherence to its reserve policies, the County maintains a prudent level of financial resources to guard its stakeholders against service disruption in the event of unexpected temporary revenue shortfalls or unpredicted one-time expenditures. Reserve policies are also intended to document the appropriate reserve level to protect the County's creditworthiness. Operating reserves are accumulated and maintained to provide stability and flexibility to respond to unexpected adversity and/or opportunities.

Funding of reserve targets generally comes from excess revenues over expenditures or one-time revenues.

It is the intent of the County to limit use of fund reserves to address unanticipated, non-recurring needs. Reserves shall not normally be applied to recurring annual operating expenditures. Reserves may, however, be used to allow time for the County to restructure its operations in a deliberate manner (as might be required in an economic downturn), but such use will only take place in the context of an adopted long-term plan.

Gwinnett County currently operates under the following reserve policies:

**General Fund Reserve Policy** – The County maintains a minimum level of unassigned fund balance in the General Fund equivalent to three months of regular, ongoing operating expenditures (including transfers out). The County Administrator, Deputy County Administrator, and Director of Financial Services, collectively, are authorized to assign Fund Balance for specific purposes in accordance with the intent and actions of the Board of Commissioners.

**Special Revenue Funds Reserve Policy** – The County maintains a minimum level of restricted or committed fund balance equivalent to three months of regular, ongoing operating expenditures (including transfers out). Amounts used in this calculation should not include any amounts allocated for another purpose by the Board of Commissioners.

**Enterprise Funds Reserve Policy** – The County maintains a minimum level of working capital in Enterprise Funds equivalent to three months of regular, ongoing operating expenses (including transfers out), except for the Local Transit Operating Fund. The Local Transit Operating Fund, or any fund that is subsidized by the General Fund on an ongoing basis, maintains reserves equal to one month of regular, ongoing operating expenses (including transfers out), with any excess reverting back to the General Fund. For purposes of this calculation, working capital includes long-term investments that can be liquidated within five business days.

The County measures its compliance with its reserve policies as of December 31 each year, as soon as practical after final year-end account information becomes available. During the course of the year, the Department of Financial Services closely monitors the County's revenues and expenditures to ensure reserves are not used beyond any planned usage. For the purposes of the reserve policies, current year actual expenditures exclude significant non-recurring items. Forecasts and fund balance levels are presented to the Chairman and Board of Commissioners during the annual budget process. Should the projected year-end fund balance be below the minimum reserve amount established by the reserve policies, a plan to replenish the reserves would be established based on the requirements outlined in the policies.

In the event that reserves exceed the minimum balance requirements at the end of each fiscal year, any excess reserves may be used in the following ways:

1. Fund accrued liabilities, including but not limited to debt service, pension, and other post-employment benefits as directed and approved within the long-term financial plan and the annual budget resolution. Priority is given to those items that relieve budget or financial operating pressure in future periods.
2. Appropriated to lower the amount of bonds or contributions needed to fund capital projects in the County's CIP.
3. One-time expenditures that do not increase recurring operating costs that cannot be funded through current revenues. Emphasis is placed on one-time uses that reduce future operating costs.
4. Start-up expenditures for new programs, provided that such action is approved by the Board of Commissioners and is considered in the context of multi-year projections of revenue and expenditures as prepared by the Department of Financial Services.

## The Budget Process

### Budget Process – Flow Chart

The following chart summarizes the budget process and the various steps leading to the adoption of the 2014 Budget.

	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
<b>Strategic Planning:</b>												
Board of Commissioners Strategic Planning Meeting				→								
Departmental Strategic Planning Meetings					→	→	→					
Mid-Year Budget Reconciliation for current year					→							
Millage rate adoption for current year						→						
<b>Budget Development:</b>												
Departments prepare draft Capital Budgets	→	→	→	→								
Budget staff prepares and sends budget material to departments				→								
Capital Review Team Meetings					→							
Departments prepare draft Operating Budgets					→	→	→					
Budget staff compiles draft budget						→	→	→				
Chairman convenes Chairman's Budget Review Team								→	→			
Departments present business plans to the Chairman and Review Team								→	→			
<b>Finalize and Adopt:</b>												
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											→	→
Budget adoption												→

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/net position is equal to appropriations. Arriving at a balanced budget that will allow Gwinnett County to provide necessary services for all of its residents 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 County has relied upon its budget process as an integrated planning tool alongside 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.

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

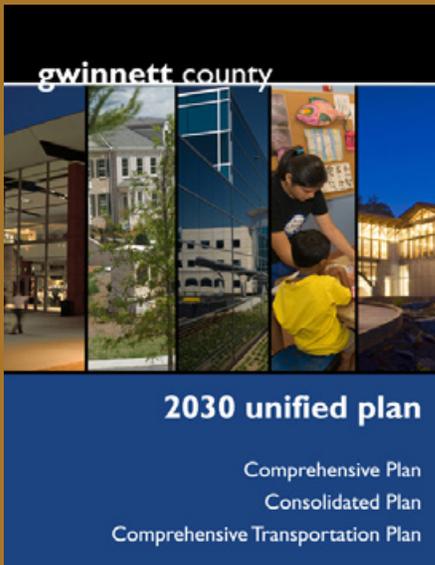
- Maintaining economic development and fiscal health
- Fostering redevelopment
- Maintaining mobility and accessibility
- Providing more housing choices
- Keeping Gwinnett a preferred place

In developing the 2014 budget, County Administration continued the Business Planning Process that was set up in 2009 that directs departments to develop cohesive business plans that produce resident-driven outcomes. The Business Planning Process connects strategy and core services to the budget and decision making process. The budget represents the 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 2014 budget was developed with input from four county residents and business people who were selected by the Gwinnett County Board of Commissioners and Chairman Charlotte Nash to serve on the budget review committee. They worked with elected officials and County staff to review departmental business plans and projected revenues to set priorities.

Development of the 2014 budget began in May 2013 when the Board of Commissioners held a strategic planning meeting. In summer 2013, departments submitted budget proposals, including modified zero-based justifications for specific line items, to the Department of Financial Services. The Department of Financial Services then compiled recommendations into a draft budget for review by Chairman Nash and the Budget Review Committee.



All departments and elected officials submitted their fiscal year 2014 annual operating and capital budgets on or before July 22, 2013. In early September, departments presented their business plans to the Chairman and the Review Team for consideration. Departmental budget presentations made to the budget review team may be viewed in the on-demand video section of [www.tvgwinnett.com](http://www.tvgwinnett.com) under *Budget Review Meetings*.

With input from the Review Team, the Chairman presented a proposed budget to the Board of Commissioners on November 19, 2013. The Board of Commissioners reviewed the proposed budget, and in accordance with state law, a public hearing was held December 9, 2013, 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 January 7, 2014, and is presented in its entirety within 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 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 property tax 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 Summary

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

### FY 2014 Resolution Amounts

<b>Operating Budget</b>	<b>FY 2014</b>
<b>Tax-Related Funds</b>	
General	\$ 241,304,226
G.O. Bond Detention Center	5,877,659
Development & Enforcement Services District	9,073,155
Fire and EMS	93,724,919
Loganville EMS	23,750
Police Services District	96,759,110
Recreation	28,876,112
<b>Total Tax-Related</b>	<b>\$ 475,638,931</b>
<b>Special Revenue Funds</b>	
Speed Humps	\$ 120,633
Street Lighting	7,447,664
Authority Imaging	1,904,434
Corrections Inmate	81,509
Crime Victims Assistance	1,240,470
District Attorney Federal Asset Sharing	215,000
E-911	17,960,734
Juvenile Court Supervision	63,751
Police Special Justice	1,119,152
Police Special State	876,747
Sheriff Inmate	574,000
Sheriff Special Justice	50,232
Sheriff Special Treasury	150,881
Sheriff Special State	108,800
Stadium Operating	2,689,056
Tree Bank	15,000
Tourism	7,103,673
<b>Total Special Revenue</b>	<b>\$ 41,721,736</b>
<b>Enterprise Funds</b>	
Airport Operating	\$ 860,781
Local Transit Operating	7,925,943
Solid Waste Operating	41,423,712
Stormwater Operating	30,764,800
Water and Sewer Operating	307,049,789
<b>Total Enterprise</b>	<b>\$ 388,025,025</b>
<b>Internal Service Funds</b>	
Administrative Support	\$ 52,812,998
Auto Liability	1,051,741
Fleet Management	6,609,642
Group Self-Insurance	48,115,762
Risk Management	6,857,197
Workers' Compensation	6,302,737
<b>Total Internal Service</b>	<b>\$ 121,750,077</b>
<b>Total Operating Funds</b>	<b>\$ 1,027,135,769</b>

<b>Capital Budget</b>	<b>FY 2014</b>	<b>FY 2015 – 2019</b>
<b>Tax-Related Funds</b>		
Capital Project	\$ 28,389,194	\$ 240,000,142
Vehicle Replacement	17,007,067	22,922,561
<b>Total Tax-Related</b>	<b>\$ 45,396,261</b>	<b>\$ 262,922,703</b>
<b>Special Revenue Funds</b>		
SPLOST (2005)	\$ 14,031,175	\$ –
SPLOST (2009)	168,230,528	164,330,736
SPLOST (2014)	100,839,819	316,418,480
<b>Total Special Revenue</b>	<b>\$ 283,101,522</b>	<b>\$ 480,749,216</b>
<b>Enterprise Funds</b>		
Airport R & E	\$ –	\$ 664,263
Solid Waste R & E	75,000	50,000
Stormwater R & E	22,375,292	106,994,298
Transit R & E	(1,791,780)	1,933,032
Water and Sewer R & E/Bond	136,433,306	568,218,000
<b>Total Enterprise</b>	<b>\$ 157,091,818</b>	<b>\$ 677,859,593</b>
<b>Total Capital Funds</b>	<b>\$ 485,589,601</b>	<b>\$ 1,421,531,512</b>

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

**GWINNETT COUNTY**  
**BOARD OF COMMISSIONERS**  
**LAWRENCEVILLE, GEORGIA**

RESOLUTION ENTITLED: A RESOLUTION ADOPTING A BUDGET FOR THE FISCAL YEAR 2014 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 SOURCES BASED ON THE ESTIMATED 2014 TAX DIGEST; AFFIRMING THAT EXPENDITURES IN EACH AGENCY MAY NOT EXCEED APPROPRIATIONS; AND PROHIBITING EXPENDITURES FROM EXCEEDING ANTICIPATED FUNDING SOURCES.

READING AND ADOPTION: **January 7, 2014**

At the regular meeting of the Gwinnett County Board of Commissioners held in the Gwinnett Justice and Administration Center, Auditorium, 75 Langley Drive, Lawrenceville, Georgia.

Name	Present	Vote
Charlotte J. Nash, Chairman	Yes	Yes
Jace Brooks, District 1	Yes	Yes
Lynette Howard, District 2	Yes	Yes
Tommy Hunter, District 3	Yes	Yes
John Heard, District 4	Yes	Yes

On motion of Commissioner Howard, which carried 5-0, the Resolution of the Gwinnett County Commissioners set forth below is hereby adopted:

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

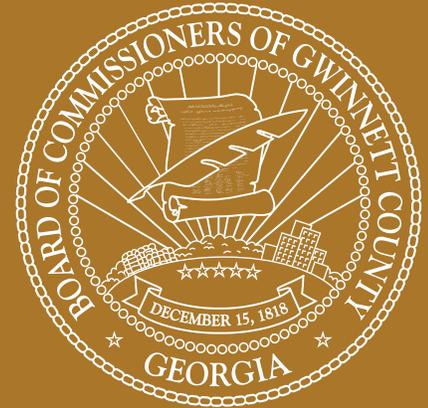
**WHEREAS**, the Board has presented a Proposed Budget which outlines the County's financial plan for said fiscal year which includes all projected revenues and allowable expenditures; and

**WHEREAS**, an advertised public hearing has been held on the 2014 Proposed Budget, as required by State and Local Laws and regulations; and

**WHEREAS**, the Board decrees that the Proposed 2014 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**, the Board may authorize and enact adjustments and amendments to appropriations as to balance revenues and expenditures; and

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



**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 Departments or Agencies 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 all Expenditures of any Operating Budget Fund or Capital Budget Fund are subject to the policies as established by the Board of Commissioners and the County Administrator; and

**BE IT FURTHER RESOLVED**, consistent with the Official Code of Georgia Annotated Section 33-8-8.3, the proceeds from the tax on insurance premiums in the amount of \$27,143,782 are recorded within the Police Services Special District Fund for the primary purpose of funding police protection to inhabitants of unincorporated Gwinnett in its entirety, budgeted at \$96,724,269 and remaining funding of \$69,580,487 anticipated from direct revenues 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 Agency 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 transfers of appropriations in any Fund among the various categories within a Department or Agency shall require only the approval of the Director of Financial Services so long as the total budget for each Department or Agency is not increased; and

**BE IT FURTHER RESOLVED** that the 2014 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 Agency, whether through a change in Anticipated Revenues in any Fund or through a transfer of Appropriations among Departments or Agencies, shall require the approval of the Board of Commissioners, except in the following cases where authority is granted to:

1. 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 Department or Agency 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 Department or Agency for required expenses;

- (c) allocate funds from the established Prisoner Medical Reserve to various Funds, Department or Agency when required to cover expenses;
- (d) allocate funds from the established Indigent Defense Reserve to appropriate Department or Agency for required expenses;
- (e) allocate funds from the established Court Reporters Reserve to appropriate Department or Agency for required expenses;
- (f) allocate funds from the established Court Interpreters Reserve to appropriate Department or Agency for required expenses;
- (g) allocate funds from the established Inmate Housing Reserve to appropriate Department or Agency for required expenses;
- (h) allocate funds from the established Fuel/Parts Reserve as required;
- (i) allocate funds from Non-Departmental 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; allocate funds from established reserves for leave balances at retirement, salary adjustments and reclassification to Department and Agency as necessary to provide funding for compensation actions, reductions in force and retirement incentives; 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;
- (j) 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;
- (k) adjust revenue and appropriation budgets between capital projects as necessary to incorporate grant awards previously approved by the Board of Commissioners;
- (l) approve transfers of appropriations within Department or Agency for capital categories/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;
- (m) calculate savings associated with the future vacancy of any position and shall further have the authority to amend the budget of such Department or Agency at the time a vacancy arises unless an exception has been granted; and
- (n) adjust revenue and appropriation budgets to incorporate collected revenue for confiscated assets and all revenue for the Authority Imaging Fund for Special Use Funds and for capital fund contingency project and project specific levels; and

3. The County Administrator to:

- (a) transfer funds from Department or Agency 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 Agency or reassigned to another Department or Agency and filled authorized positions may be reassigned at the same grade level between a Department or Agency 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.

Resolution Number: BDG-2014  
GCID Number: 2014-0039

Charlotte J. Nash  
Charlotte J. Nash, Chairman

1/21/14  
Date  
Attest:

Diane Kemp  
County Clerk/Deputy County Clerk



Approved as to form:

Tuwanek Rush-Williams  
Gwinnett County Staff Attorney

## Consolidated Budget – All Funds FY 2014 Revenues and Appropriations

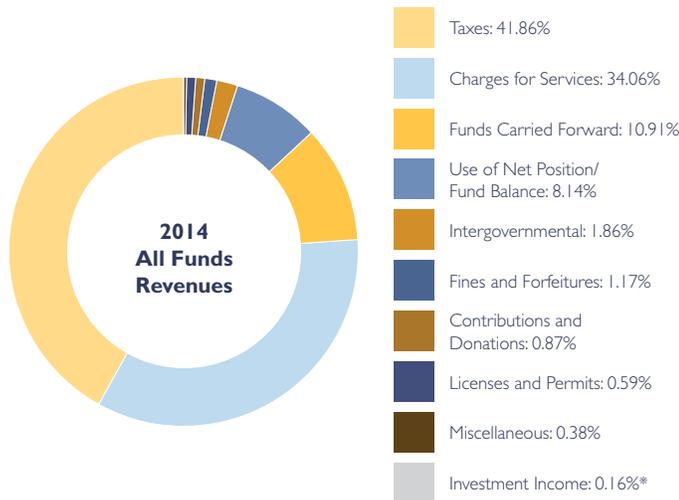
The purpose of a consolidated budget is to eliminate duplicating transfers and Internal Service Fund activity in order to determine the true cost of providing services. This data excludes inter-fund transfers in the amount of \$107,870,553 and Internal Service Fund activity in the amount of \$121,750,077.

### FY 2014 Revenues

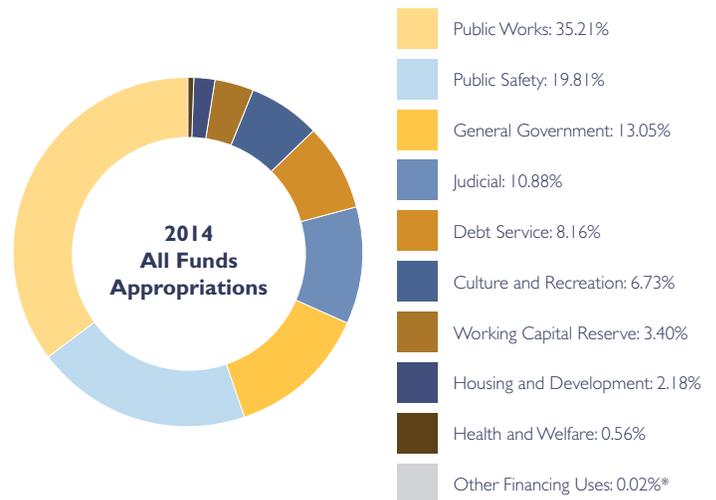
Taxes	\$ 537,309,491
Licenses and Permits	7,604,629
Intergovernmental	23,824,744
Charges for Services	437,024,991
Fines and Forfeitures	15,026,107
Investment Income	1,991,659
Contributions and Donations	11,106,694
Miscellaneous	4,820,264
<b>Total 2014 Revenues</b>	<b>1,038,708,579</b>
Funds Carried Forward Adjustment	140,000,000
Use of Fund Balance/Net Position	104,396,181
<b>Total Budgeted Revenues</b>	<b>\$ 1,283,104,760</b>

### FY 2014 Appropriations

General Government	\$ 167,442,099
Judicial	139,608,495
Public Safety	254,179,819
Public Works	451,891,233
Health and Welfare	7,126,967
Culture and Recreation	86,339,320
Housing and Development	28,000,690
Debt Service	104,669,620
Other Financing Uses	200,000
<b>Total 2014 Appropriations</b>	<b>1,239,458,243</b>
Contribution to Fund Balance/ Working Capital Reserve	43,646,518
<b>Total Budgeted Appropriations</b>	<b>\$ 1,283,104,761</b>



\*Value is too small to appear on this chart



\*Value is too small to appear on this chart

## 2014 – 2019 Operating Impact of Capital Projects (in thousands)

Below are estimated operating costs associated with capital projects. Personal services, equipment rentals, license support agreements, outsourced technology services, professional services, and repairs and maintenance make up the majority of operating costs associated with these capital projects. Although some start-up costs are one-time, most continue to impact operating expenses in subsequent years.

Project Definition	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Total
Police Helicopter Addition	\$ -	\$ -	\$ -	\$ -	\$ 25	\$ 10	\$ 35
Police Helicopter Upgrade	-	24	-	-	-	-	24
Major Repairs and Renovations	-	2	2	2	2	-	8
Employee Wellness Center	155	481	34	111	37	38	855
Fire Education Safety Village	-	49	-	-	-	-	49
Fire Station 15 Relocation	-	28	-	-	-	-	28
Fire Station 14 Relocation	-	28	-	-	-	-	28
Fire Station 13 Relocation	-	-	29	-	-	-	29
Fire Station 2 Relocation	-	-	-	-	32	-	32
Fire Station 3 Relocation	-	-	-	-	32	-	32
Ambulance Service Expansion	1,128	1,353	1,353	789	112	-	4,735
Fire Station 31	2,670	1,188	-	-	-	-	3,858
Fire Station 32	-	-	2,939	1,323	-	-	4,262
Fire Station 10 Relocation	-	-	28	-	-	-	28
Reclaimed Water Reuse	(10)	(10)	(10)	(10)	(10)	(10)	(60)
Petition Sewer	10	10	10	10	10	10	60
Disinfection Improvements	-	100	100	100	100	100	500
Pressure Management Initiatives	10	10	10	10	10	10	60
South Gwinnett Wastewater	200	-	-	-	-	-	200
DWR Central Facility Upgrades	10	10	10	10	10	10	60
Water Meter – New Installations	(15)	(15)	(15)	(15)	(15)	(15)	(90)
Biosolids Program	100	100	100	100	100	100	600
DWR Facility Demolition Program	(50)	(50)	(50)	(50)	(50)	(50)	(300)
Utility Relocation Program	-	-	-	10	10	10	30
Crooked Creek WRF Improvements	100	100	100	100	100	100	600
Sewer Assessment Program	(100)	(100)	(100)	(100)	(100)	(100)	(600)
Distribution System Rehabilitation	(50)	(50)	(50)	(50)	(50)	(50)	(300)
Facility Rehab Water Production	50	50	100	100	100	100	500
Pump Station Rehabilitation	(75)	(150)	(150)	(100)	(75)	(100)	(650)
Sanitary Sewer Collection Sys Renovation	(100)	(100)	(100)	(100)	(100)	(100)	(600)
WRF Rehab/Improvements Program	50	50	50	50	50	50	300
Pump Station Phase Out Program	(50)	(50)	(50)	(50)	(50)	(50)	(300)
Water Accountability Program	(10)	(10)	(10)	(10)	(10)	(10)	(60)
Wastewater Flow Metering	10	10	10	10	10	10	60
Pressurized Pipes Assessment Program	50	50	50	50	50	50	300
DWR Data Management	19	19	19	19	19	19	114
Natural Resources Watershed	50	50	50	50	50	50	300
2014 Stormwater Drainage Improvements	(100)	(100)	(100)	(100)	(100)	(100)	(600)
Medical Examiners Office	-	-	57	-	-	-	57
Voice Technology Replacement/Upgrade	75	125	-	-	-	-	200
Business System Application Upgrades	58	6	2	2	2	2	72
Sustain eCourt	77	-	-	-	-	-	77
Disaster Recovery	3,518	-	-	-	1,500	-	5,018
SAP Upgrades	57	3	3	3	3	3	73
Internet Portal Expansion	25	-	-	-	-	-	25
Field Communication Equipment	287	-	-	18	-	-	305
Enterprise Asset Management System	165	8	9	9	10	10	211
Jail Management System Replacement	75	-	-	-	-	-	75
ECM Upgrade/Replacement	-	-	180	9	9	10	208
ERP Technical Improvements	36	2	2	2	2	2	46
Countywide Security Camera Systems	130	3	3	3	28	3	171
Warrant Tracking Module Replacement	11	-	-	-	-	-	11
Enterprise Billing System	869	7	8	8	8	9	910
Technology Hardware/Software 2014	30	111	110	113	1	1	365
Networking & Communications 2014	50	150	10	11	11	12	243
System Status Management	100	10	-	-	-	-	110
ePCR Hardware Replacement	-	-	-	5	-	-	5
Moodle	-	5	-	-	-	-	5
Single Sign-On	-	-	-	-	-	-	-
Evidence Barcode System	288	13	1	1	2	2	307
Advanced Authentication Compliance	185	31	2	2	2	3	225
800 MHz Radio System – Digital	50	2	2	2	2	2	58
<b>Total Annual Impact</b>	<b>\$ 10,139</b>	<b>\$ 3,552</b>	<b>\$ 4,746</b>	<b>\$ 2,445</b>	<b>\$ 1,880</b>	<b>\$ 140</b>	<b>\$ 22,903</b>



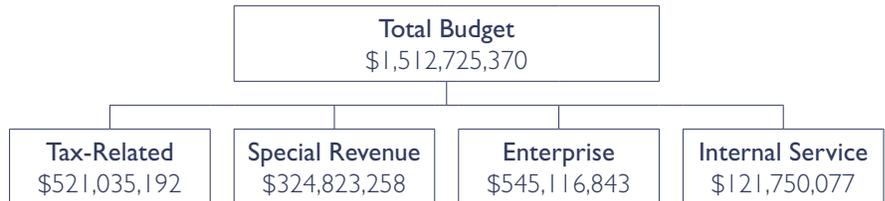
## Fund Structure and Financial Status

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 residents 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.

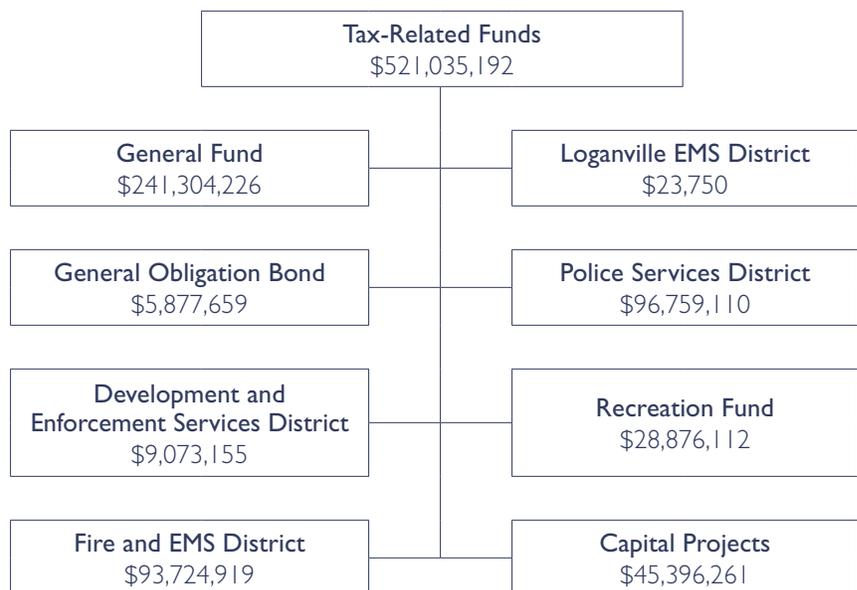
### Fund Groups

The 2014 Adopted Budget contains 48 separate funds that are categorized into four fund groups: Tax-Related Funds, Special Revenue Funds, Enterprise Funds, and Internal Service Funds. These groups and the major funds within them are highlighted in the following sections.



### Tax-Related Funds

Tax-Related Funds are funds whose primary revenues are derived from taxes. These include the General, Debt Service, Development and Enforcement Services District, Fire and EMS District, Loganville EMS District, Police Services District, Recreation, and Capital Projects Funds.



## General Fund

The General Fund is the second largest operating fund in the 2014 Operating Budget, encompassing operational funding for County services including courts and sheriff, public works, and community services.

In 2014, expenditures of the General Fund are expected to total \$241 million, a decrease of \$45 million from 2013. This decrease is primarily attributable to the one-time transfers made in 2013 to the new service district funds to establish three-month fund balance reserves, in compliance with the negotiated Service Delivery Strategy (SDS) settlement.

Fund balance reserves remain above the three-month policy level.

## Debt Service Fund

This fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest related to the 2003 detention center and 2012 refunding bonds.

In 2014, expenditures in the Debt Service Fund are expected to total \$5.9 million, a decrease of \$19 million from the 2013 level of \$24.9 million. Debt Service appropriations were unusually high in 2013 because the budget included a \$20 million cash redemption of the remaining portion of the 2003 General Obligation Bonds. For more information, see the Debt Summary beginning on page 45 in this section of the document.

Budgeted revenues totaling \$5.9 million cover debt service requirements in 2014.

## Development and Enforcement Services District Fund

This fund accounts for the revenues and expenditures attributable to the Development and Enforcement Services District. The Development and Enforcement Services District includes all properties in unincorporated Gwinnett County. A property tax is levied to support this service district. In 2014, expenditures are expected to total \$8.9 million, an increase of \$1.4 million, or 19.4 percent from 2013. In 2013, the budget included a one-time \$2.9 million transfer in from the General Fund to establish a three-month fund balance reserve, in compliance with the negotiated SDS settlement.

## Fire and Emergency Medical Services District Fund

This fund accounts for the revenues and expenditures attributable to the Fire and Emergency Medical Services District. The Fire and Emergency Medical Services District includes all properties in unincorporated Gwinnett County and all cities except Loganville. A property tax is levied to support this service district. The 2014 expenditures are expected to total \$93.5 million, an increase of \$12.1 million, or 14.8 percent from 2013. In 2013, the budget included a one-time \$20.8 million transfer in from the General Fund to establish a three-month fund balance reserve, in compliance with the negotiated SDS settlement. The 2014 budget includes additional appropriations to expand emergency medical services.

## Loganville Emergency Medical Services District Fund

This fund accounts for the costs associated with providing Emergency Medical Services to the City of Loganville. The Loganville Emergency Medical Services District includes all properties within the portion of incorporated Loganville that lie within Gwinnett County. The County is responsible for providing emergency medical services within this district. At this time, no millage rate is associated with this district.





**Police Services District Fund**

This fund accounts for the revenues and expenditures attributable to the Police Services District. The Police Services District includes all properties within unincorporated Gwinnett County and cities that do not operate their own police departments. A property tax is levied to support this service district. The 2014 expenditures are expected to total \$96.7 million, an increase of \$6.7 million, or 7.5 percent from 2013. The 2013 budget included a one-time \$27.5 million transfer in from the General Fund to establish a three-month fund balance reserve, in compliance with the negotiated SDS settlement.

**Recreation Fund**

This fund accounts 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.

In 2014, expenditures in the Recreation Fund are expected to total \$28.9 million, a decrease of \$0.4 million, or 1.3 percent from 2013.

In 2014, revenues in the Recreation Fund are expected to total \$28.9 million, a decrease of \$0.7 million, or 2.4 percent from 2013, primarily due to conservative budgeting for tax revenues.

The fund balance reserve remains above the three-month policy level.

**Capital Projects Fund**

The Capital Projects Fund, which is primarily supported by contributions from the operating tax funds, is budgeted at \$28.4 million in 2014. Contributions to this fund are budgeted as follows:

General Fund	\$ 2,000,000
Fire and Emergency Medical Services District Fund	\$ 4,768,000
Police Services District Fund	\$ 3,758,000
Recreation Fund	\$ 293,190
E-911 Fund	\$ 33,760
Police Justice Fund	\$ 239,037

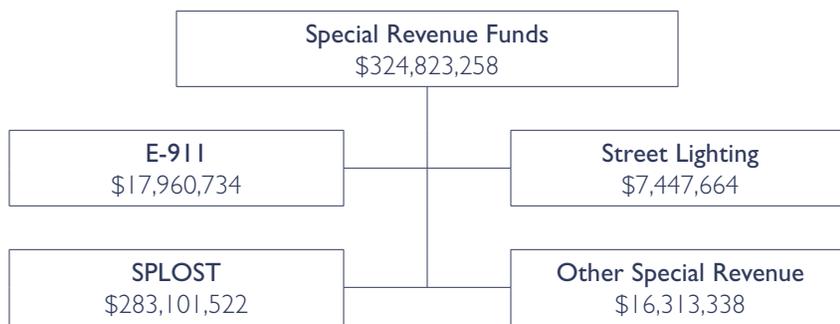
Projects supported in this fund include park improvements, social services facilities, and other County projects. For more information on capital projects, please refer to Sections V and VI of this document.

**Vehicle Replacement Fund**

This capital project fund, which is primarily supported by contributions from the operating funds, is budgeted at \$17.0 million in 2014. Departments contribute to fund the replacement of vehicles that have surpassed their useful life.

**Special Revenue Funds**

Special Revenue 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.

In 2014, expenditures of the E-911 Fund are expected to total nearly \$18.0 million, an increase of \$3.3 million from the 2013 actual level of \$14.6 million. Included in the 2014 budget is a \$3.5 million estimated appropriation to reimburse cities for emergency 911 costs incurred, in accordance with an intergovernmental agreement that resulted from the SDS negotiated settlement in early 2012. The cities are paid an estimated amount on or before May and submit documentation of actual costs incurred on a quarterly basis, with an annual reconciliation.

In 2014, revenues of the E-911 Fund are expected to total \$13.3 million, an increase of \$0.5 million, or 4.2 percent from the 2013 actual level.

The 2014, rates are as follows: Wire line \$1.40, Wireless \$1.25, Voice over Internet Protocol \$1.40, and Prepaid \$0.75.

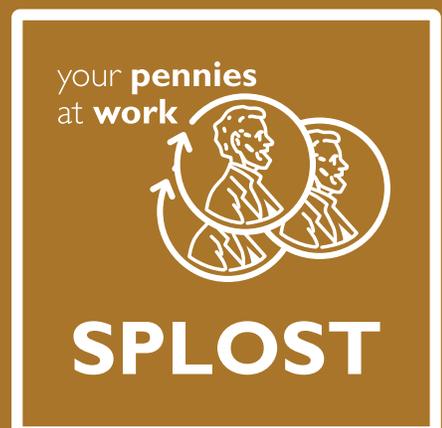
Fund balance reserves remain above the three-month policy level.

### Special Purpose Local Option Sales Tax (SPLOST) Programs

Gwinnett County has used 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 residents have supported the use of SPLOST funding to move the County forward. This one percent sales tax has paid for County and city facilities, acres of greenspace, parks and recreation facilities, new roads and improvements, police and fire stations, and libraries around the county. The passage of SPLOST programs has had a profound impact on county operations by shifting the burden of funding these projects from property taxes.

#### 2005 SPLOST Fund

On November 2, 2004, Gwinnett County voters approved a four-year extension of the SPLOST to be designated for capital improvements in the county and its municipalities. Sales tax collections for the 2005 Program were \$581.5 million. The Cities' Share Allocation was \$93.7 million. This was 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, SPLOST had been exclusively a county tax. In addition to funding for



the cities, funds from the 2005 SPLOST were used for library, parks and recreation, public safety, and transportation projects. The 2014 budget includes \$14.0 million in appropriations to finalize this program.

### 2009 SPLOST Fund

In November 2008, Gwinnett County residents 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 totaled \$646.7 million. Collections from the sales tax designated for the County are 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 17 percent of the 2009 SPLOST Program, are allocated to Gwinnett's cities. The 2014 budget includes \$168.2 million in appropriations for projects.

### 2014 SPLOST Fund

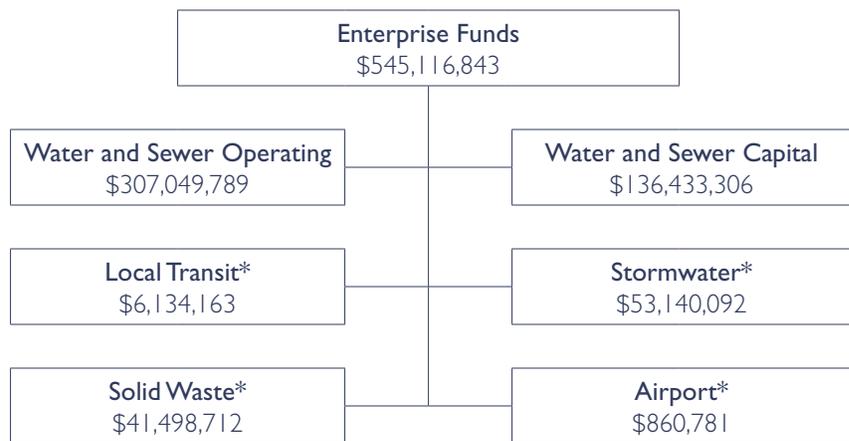
In November 2013, the residents of Gwinnett County approved a referendum authorizing the County to extend the one-cent SPLOST for three years beginning in April 2014. Budgeted sales tax collections for the 2014 three-year program are \$417,258,299. According to the intergovernmental agreement between Gwinnett County and its cities, the County will receive 78.9 percent of the proceeds and the cities will receive 21.1 percent. The County's share will be distributed to project categories as shown in the pie chart to the left.

### 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.



- Transportation: 70.0%
- Public Safety: 18.0%
- Recreation: 7.5%
- Library: 3.0%
- Senior Services: 1.5%



\*Capital included

The County operates five Enterprise Funds including the Water and Sewer Fund, Local Transit Operating Fund, Stormwater Operating Fund, Solid Waste Operating Fund, and Airport Operating Fund.

## 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 largest operating fund in the 2014 operating budget.

In 2014, Water and Sewer Operating Fund expenditures are expected to total \$277.3 million, an increase of \$2.5 million, or 0.8 percent from the 2013 actual level of \$274.9 million. The majority of the increase is related to an increase in personal services of \$3.6 million and an increase in operations of \$11.8 million, offset by a \$13 million decrease in transfers to the Renewal and Extension Fund. General operating and personal services expenses are budgeted at \$15 million more than 2013 actual expenses, primarily due to increases in personal services for a 3-percent compensation increase, as well as chemical costs, repair and maintenance expenses, and utilities.

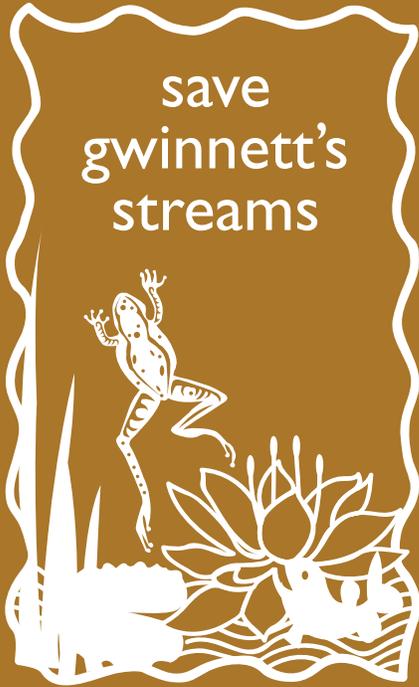
In 2014, Water and Sewer Operating Fund revenues are expected to total \$307 million, an increase of \$14.2 million, or 4.8 percent from 2013 actual revenues. Water and sewer revenues are monitored very closely to ensure that rate structures are in place to adequately fund the public utility system operations 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 uses 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 2014 budget for the Water and Sewer Renewal and Extension Capital Fund is \$136.4 million. The County's Water and Sewer Capital Improvement Program (CIP) is a dynamic, forward-looking 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.

The County also has several important, ongoing water and sewer maintenance projects. The County has issued more than \$1.3 billion in water and sewer bonds since 1998. Bond proceeds were used to help fund the F. Wayne Hill Water Resources Center, the Shoal Creek Filter Plant, the expansion of the Hill Center, the Yellow River Water Reclamation Facility, the Crooked Creek Water Reclamation Facility, 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, which are budgeted at nearly \$68 million in 2014, continue to support the R&E fund. More information on the Water and Sewer capital projects can be found in Section VI.





gwinnettcounty  
**Department of Water Resources**  
 Stormwater Management

### 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 2014, Stormwater Operating Fund expenses are expected to total \$21 million, a decrease of \$8.8 million, or 3 percent from the 2013 actual level of \$29.8 million, primarily due to a decrease in transfers to the Stormwater Renewal and Extension Fund.

A total of \$10.1 million, or 48.3 percent of the 2014 adopted budget, is appropriated for a transfer to the Stormwater Renewal and Extension Fund to fund stormwater facility improvements.

In 2014, Stormwater Fund revenues are expected to total \$30.8 million, a decrease of \$0.3 million from the 2013 actual level. Beginning in fiscal year 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 fiscal year 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 popular and successful with ridership at 1,845,540 boardings in 2013. The local ridership is about 64 percent 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 became effective on 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 2014, expenses of the Local Transit Operating Fund are expected to total \$7.8 million, an increase of \$0.7 million, or 9.1 percent from the 2013 actual level of \$7.2 million.

In 2014, revenues of the Local Transit Operating Fund are expected to total \$8 million. The General Fund operating subsidy is expected to total almost \$4 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 2014, expenses of the Solid Waste Operating Fund are expected to total \$40.1 million, a decrease of \$1.2 million, or 2.9 percent from the 2013 actual level of \$41.3 million.

In 2014, revenues of the Solid Waste Operating Fund are expected to total \$41.4 million, a decrease of \$2.5 million, or 5.7 percent from the 2013 actual level of \$43.9 million.

## Airport Operating Fund

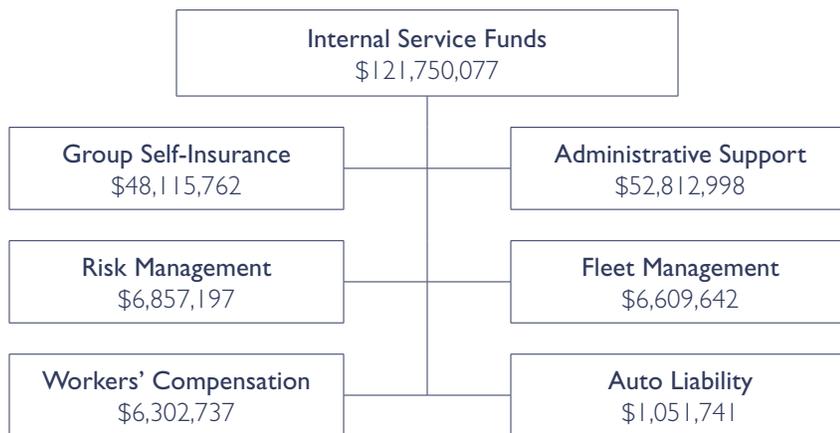
This fund accounts for the operation and maintenance of the County's airport, Briscoe Field.

In 2014, expenses of the Airport Operating Fund are expected to total \$0.9 million, an increase of \$96,966, or 12.7 percent from the 2013 actual level of \$0.8 million.

In 2014, revenues of the Airport Operating Fund are expected to total \$0.9 million, basically the same as 2013.

## Internal Service Funds

Internal Service Funds account for goods or services provided by one department or agency in 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 **Administrative Support Fund** accounts for the activities of all central support departments: Information Technology Services; Support Services; Human Resources; Law; Financial Services, with the exception of the Tax Assessor; and County Administration, with the exception of the County Clerk and Board of Commissioners.

In 2014, expenses of the Administrative Support Fund are expected to total \$52.8 million, an increase of \$8.7 million or 19.9 percent from the 2013 actual level of \$44 million. The majority of this increase is due to the 3-percent across-the-board market adjustment to employee compensation.

In 2014, revenues of the Administrative Support Fund are expected to total \$52.3 million, an increase of \$91,390 or 1.2 percent from 2013 actual revenues. There is a planned use of net position of \$0.6 million in 2014.

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





The County implemented changes in the health plan in 2014 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 2014, expenses of the Group Self-Insurance Fund are expected to total \$48.1 million, an increase of \$8.2 million or 20 percent from the 2013 actual expense level of \$39.9 million. The majority of this increase is a result of expected increases in health insurance costs.

In 2014, revenues of the Group Self-Insurance Fund are expected to total \$40.9 million, a decrease of \$3.9 million or 8.9 percent from 2013 actual revenues. There is a planned use of net position of \$7.2 million in 2014.

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.

In 2014, expenses of the Risk Management Fund are expected to total \$6.9 million, an increase of \$1.7 million or 32.3 percent from 2013 actual expenses. This increase is primarily due to anticipated increases in insurance and claims expenses.

In 2014, revenues of the Risk Management Fund are expected to total \$3.6 million, a decrease of \$0.8 million or 18.1 percent from 2013 actual revenues, primarily due to a decrease in the charges to other funds. There is a planned use of net position of \$3.2 million in 2014.

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.

In 2014, expenses of the Workers' Compensation Fund are expected to total \$6.3 million, an increase of \$3.3 million from 2013 actual expenses. This increase is mainly due to anticipated increases in insurance and claims expenses.

Revenues in the Workers' Compensation Fund consist primarily of charges to other funds. In 2014, revenues of the Workers' Compensation Fund are expected to total \$4.1 million, an increase of \$0.7 million from 2013 actual revenues. There is a planned use of net position of \$2.2 million in 2014.

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

In 2014, expenses of the Fleet Management Fund are expected to total \$6.6 million, an increase of \$1 million from 2013 actual expenses.

In 2014, revenues of the Fleet Management Fund are expected to total \$6.6 million, an increase of \$0.2 million from 2013 actual revenues.

## Debt Summary

Due to its rapid growth, the County has used long-term General Obligation and Revenue Bonds 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 services to its residents 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 aids in the successful marketing of the bonds to the investment community. Taxpayer money is saved by obtaining the lowest possible interest rates at the time of sale and eliminating 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 40 counties in the United States with this prestigious rating. For approximately 17 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 traditionally funded through the issuance of long-term debt and pay-as-you-go methods. 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. None of the \$1.9 billion **2014 – 2019 Capital Improvement Program** is funded by debt.

The voter-approved SPLOST is a pay-as-you-go method that works well for Gwinnett due to the large volume 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 expansions of the road system. SPLOST revenues have also funded the construction of public safety and parks and recreation facilities. More than \$2.6 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, G.O. Bonds require the approval of the voters. Before G.O. debt is proposed, a public survey is usually performed to determine what residents want and are willing to finance. Once approved, G.O. bonds are direct obligations that are backed by the full faith and credit of the County.





The 2003 G.O. Bonds provided funding of an expansion of the County's Pre-Trial Detention Center. In 2012, the County refunded the portion of those bonds maturing in 2014 through 2019. The result of that refunding was a net present value savings of \$2.2 million. The 2012 Refunding G.O. Bonds have a final maturity date of 2019. These G.O. Bonds were rated AAA by all three rating agencies.

Additionally, in January 2013, the County redeemed the remaining 2003 G.O. Bonds maturing in 2020 through 2023. The result of that redemption was a present value savings of \$4.4 million.

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 constitutional debt limit for G.O. 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, 2013, for Gwinnett County was \$2,362,077,000, providing a debt margin of \$2,349,880,000 (unaudited). The County currently uses less than 1 percent of the debt limit. At December 31, 2013, there was a total par amount outstanding of \$22,555,000 in G.O. Bonds.

The following table reflects the County's total outstanding amounts of G.O. debt as of December 31, 2013 (in thousands):

Year	Principal	Interest	Total
2014	\$ 3,410	\$ 762	\$ 4,172
2015	3,480	658	4,138
2016	3,690	498	4,188
2017	3,865	395	4,260
2018	3,960	287	4,247
2019	4,150	104	4,254
<b>Total</b>	<b>\$ 22,555</b>	<b>\$ 2,704</b>	<b>\$ 25,259</b>

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.

The information in the following table reveals the outstanding debt service amounts for the Water and Sewerage Authority as of December 31, 2013 (unaudited):

**Outstanding Principal by Issue  
Combined Water and Sewerage Authority Revenue Bonds**

\$182,090,000	Series 2005	Issued 3/17/05
\$116,425,000	Series 2006	Issued 3/9/06
\$181,785,000	Series 2008	Issued 8/21/08
\$221,315,000	Series 2009	Issued 10/22/09
\$163,615,000	Series 2011	Issued 7/1/11

(Dollars in thousands)

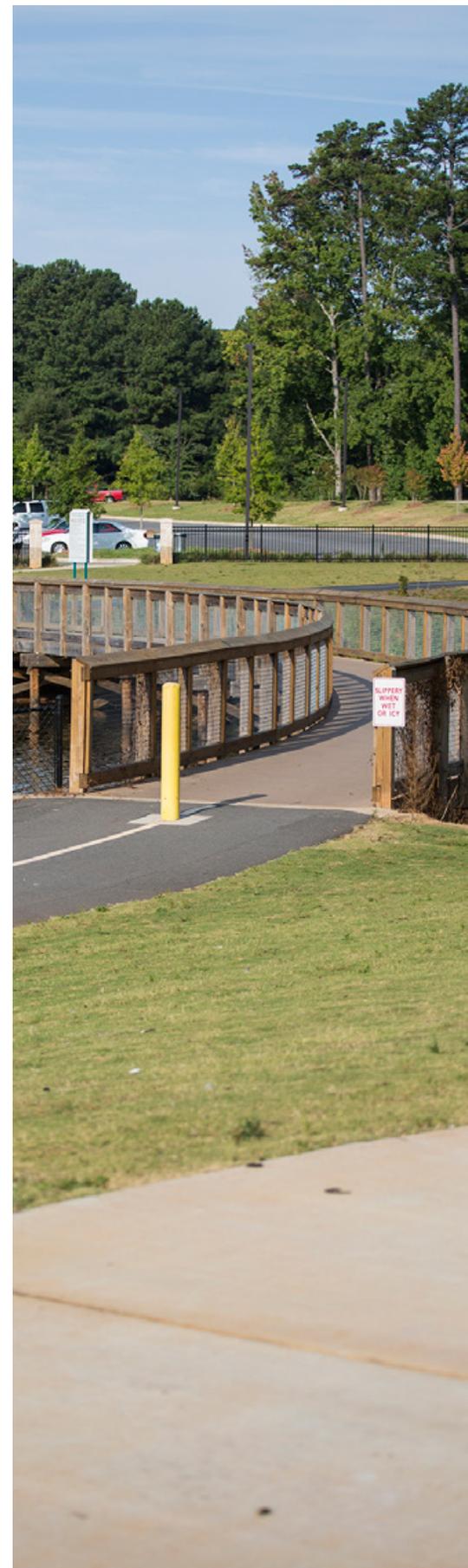
Year	Principal	Interest	Total
2014	\$ 58,955	\$ 38,065	\$ 97,020
2015	61,050	35,641	96,691
2016	63,725	33,082	96,807
2017	66,270	30,431	96,701
2018	68,925	27,667	96,592
2019 – 2023	292,475	98,144	390,619
2024 – 2028	233,875	32,322	266,197
2029	19,955	1,087	21,042
<b>Total</b>	<b>\$ 865,230</b>	<b>\$ 296,439</b>	<b>\$ 1,161,669</b>

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. 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, 2013, are as follows (unaudited):

**Georgia Environmental Facilities Authority (GEFA) Loan Series 2008, 2010, 2011, and 2012**

*(Dollars in thousands)*

Year	Principal	Interest	Total
2014	\$ 2,476	\$ 1,477	\$ 3,953
2015	2,551	1,401	3,952
2016	2,629	1,324	3,953
2017	2,709	1,243	3,952
2018	2,791	1,161	3,952
2019 – 2023	15,282	4,480	19,762
2024 – 2028	17,626	2,010	19,636
2029 – 2032	4,283	142	4,425
<b>Total</b>	<b>\$ 50,347</b>	<b>\$ 13,238</b>	<b>\$ 63,585</b>

The total annual requirements on all outstanding debt as of December 31, 2013, including interest, are as follows (unaudited):

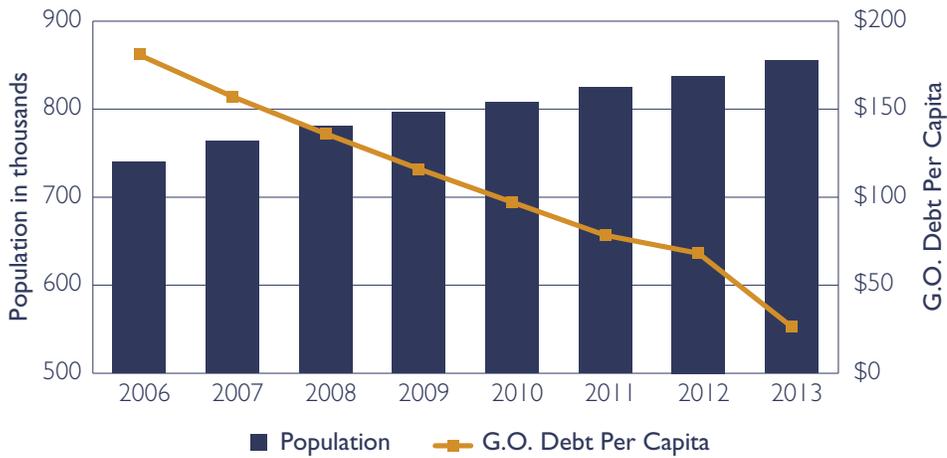
*(Dollars in thousands)*

Year	G.O.	W&S	GEFA	Total
2014	\$ 4,172	\$ 97,020	\$ 3,953	\$ 105,145
2015	4,138	96,691	3,952	104,781
2016	4,188	96,807	3,953	104,948
2017	4,260	96,701	3,952	104,913
2018	4,247	96,592	3,952	104,791
2019 – 2023	4,254	390,619	19,762	414,635
2024 – 2028	–	266,197	19,636	285,833
2029 – 2032	–	21,042	4,425	25,467
<b>Total</b>	<b>\$ 25,259</b>	<b>\$ 1,161,669</b>	<b>\$ 63,585</b>	<b>\$ 1,250,513</b>

The total annual debt requirement for 2014 is 10.2 percent of the total operating budget of \$1.027 billion, resulting in total operating appropriations less annual debt of \$922 million.

Debt per capita is based on total annual G.O. Bond debt service payments as compared to estimated county population. Total annual debt requirement for fiscal year 2014 (all debt categories) is approximately \$105 million. Currently, estimated debt service per capita averages nearly \$70 per person. This number has steadily declined over the last few years as the County did not issue new debt in 2010, 2011, or 2012 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 2010, the County also restructured its 2001 Development Authority Bonds for debt service savings. In 2011, the 2002 General Obligation Refunding Bonds were also paid in full. In 2012, the County paid off its 2002 Water and Sewer Bonds and refunded a portion of the 2003 G.O. Bonds. In 2013, the County redeemed all outstanding 2003 G.O. Bonds.

**General Obligation (G.O.) Debt Service Per Capita**



As the graph above illustrates, annual G.O. debt obligations have declined over the years as the population has grown and the County continues to pay off its debt. The reduction in G.O. debt obligations is due in part to voter willingness to fund capital projects through the use of SPLOST program dollars. In addition, the County actively seeks refunding opportunities of existing debt obligations to reduce debt service costs. The County has refunded or redeemed bonds each year since 2010, which has resulted in shortened maturity dates and significant debt service savings.

