



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 6, 2015

Dear Stakeholders of Gwinnett County:

It is our privilege to present the Budget Document for fiscal year 2015. This document is a summary of our overall plan for allocating available resources to provide services and sustain Gwinnett County's vision. The \$1.42 billion 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 in May 2014. The resident members of the review team are Mark Brock, Burt Manning, Roger Willis, and Latabia Woodward. Mr. Brock, a returning review team veteran, is building maintenance director for Gwinnett County Public Schools. Mr. Manning is a retired real estate appraiser and assessment administrator who has worked in six Georgia counties, Mr. Willis is a retired district manager from Jackson EMC, and Ms. Woodward works as a strategic planning principal for Georgia Power and serves as president of the Gwinnett County Alumnae Chapter of Delta Sigma Theta Sorority Inc.

When making recommendations for the fiscal year 2015 budget, the Budget Review Team took into consideration several common concerns identified in presentations given by department directors and elected officials, including concerns about workforce retention and recruitment and the need to partially restore certain services that were cut in previous budget years. After hearing their presentations, the Chairman's Budget Review Team studied departmental budget plans, budget needs, and revenue projections. As a result of the review team's deliberations, the adopted budget funds critical expansion of fire and emergency medical services, adjusts employee compensation, and partially restores funding for some services. Cost-saving measures such as continuing the 90-day job vacancy policy and requiring justification for specific commitment items remain in effect for 2015.

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 contributed to AAA credit ratings from all three of the credit rating agencies since 1997.

With the improving economy and slight growth in the tax digest, Gwinnett County turned the page to a new chapter in 2014. County officials maintain a positive outlook for 2015, and are focusing on the big picture. With our outstanding schools, nationally accredited public safety agencies, national award-winning parks and libraries, and state-of-the-art water system, Gwinnett County offers a wealth of opportunity for current and future residents and businesses. 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 600 internationally based businesses. There is truly something for everyone here.

Gwinnett County is 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 invite Gwinnett County's stakeholders to participate in setting our government's priorities and shaping our bright future.

Respectfully submitted,

Maria B. Woods,
CFO/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.

2015 Budget Dynamics

Throughout the budget planning process, departments consistently identified the following as factors that would affect the 2015 budget:

- Slight growth projected in the tax digest
- Workforce retention and recruitment
- Restoration of certain services
- Future financial stability

2015 Budget Approach

- Comprehensive capital improvement review
- Continuation of 90-day job vacancy policy
- Mandated/priority core services
- Continuation of decision packages for service reductions and service enhancements
- Justification of specified commitment items

Budget at a Glance

The operating budget for fiscal year 2015 totals \$1.05 billion. The 2015 budget is based on the same millage rates as 2014 with an anticipated growth of 0.7 percent in the 2015 tax digest. Concerns over workforce recruitment and retention resulted in a 4 percent pay-for-performance increase for non-sworn employees and a 4 percent step increase for public safety personnel. These salary adjustments amount to approximately \$7.3 million. The budget will also fund additional staffing for judicial services, animal control, a new fire station, and the new Level Creek Park scheduled to open in 2015.

Certain services cut in previous years' budgets will be partially restored. Roadside maintenance such as mowing and trimming around sidewalks and on medians, and sweeping curbs and turn lanes will be partially restored through contracts with private companies. Saturday bus services for local routes will be restored and two daily express service trips from Indian Trail Park and Ride lot will be added.

Cost-saving measures remain a priority for Gwinnett County. Existing cost-saving measures that will remain in place include the County's policy of holding vacant positions unfilled for at least 90 days, a policy that saved the County approximately \$7.5 million in 2014.

Decision packages for service reductions and service enhancements were considered during the development of the 2015 budget. The Budget Review Team looked critically at all requests for funding and made hard decisions to prioritize the requests. Additional staffing has been budgeted for judicial services to support increased workloads. These positions include a DUI Court case manager, Indigent Defense administrative support, Judicial Calendar coordinator, Jury administration support, Treatment Court coverage, Juvenile Transport Unit, and Probate Court. The Animal Welfare and Enforcement Unit will receive two additional animal control officers. Also, the budget includes anticipated costs for enhanced protection of the County's information systems.

The fiscal year 2015 capital budget totals \$371 million. The capital budget includes funding for facilities, technology, roads, maintenance, and equipment. Approximately 63 percent of the fiscal year 2015 capital budget resides in Special Purpose Local Option Sales Tax (SPLOST) funds. Major public safety projects include the construction of two fire stations using SPLOST funds. Fire Station 31 will be located across from Georgia Gwinnett College at Collins Hill Road, and is expected to be fully operational in the second quarter of 2016. Increased student enrollment and the addition of student dormitories factored into the decision for the location of this new station. Coverage gaps and response times should improve once this new station is in service. Fire Station 10 will be relocated to improve fire and emergency services in the Mall of Georgia area. The addition of the Gwinnett Braves stadium has the potential to impact current resources adequately meeting increased service demands. Existing personnel will staff the relocated station.

Capital budgets also help fund other public safety projects, parks, libraries, and senior facilities. Level Creek Park consists of 67 acres, of which approximately 18 acres is made up of a multipurpose complex, a pavilion and playground complex, and an outdoor courts complex. There is also a paved and soft surface trail system along with a maintenance facility. This park is due to open in 2015.



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	\$ 489,887,824	\$ 18,276,748	\$ 508,164,572	35.6%
Special Revenue Funds	\$ 42,947,333	\$ 234,604,753	\$ 277,552,086	19.5%
Enterprise Funds	\$ 402,246,861	\$ 118,158,842	\$ 520,405,703	36.6%
Internal Service Funds	\$ 117,589,286	\$ -	\$ 117,589,286	8.3%
Total Budget	\$ 1,052,671,304	\$ 371,040,343	\$ 1,423,711,647	

Tax-Related Funds include the General, General Obligation (G.O.) Debt Service, Fire and EMS District, Police Services District, Development and Enforcement Services District, Loganville EMS, Recreation, Capital Project, and Vehicle Replacement Funds. The adopted General Fund operating budget totals \$246.6 million. The Tax-Related Funds have an operating budget of \$489.9 million and a capital budget of \$18.3 million.

Special Revenue Funds account for restricted and committed revenues and have an operating budget of \$42.9 million and a capital budget of \$234.6 million. These funds include capital projects funded by SPLOST proceeds.

Enterprise Funds account for \$402.2 million of the total operating budget and \$118.2 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 the Briscoe Field airport. Enterprise operations are managed and operated much like private sector businesses. They require significant investment in buildings, 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 \$117.6 million.

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

Year	Operating Budget	% chg.	Capital Budget	% chg.	Total Budget	% chg.
2015	\$ 1,052,671,304	2.5%	\$ 371,040,343	-23.6%	\$ 1,423,711,647	-5.9%
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%

The operating budget for fiscal year 2015 for all funds totals \$1.05 billion. The preceding table indicates a \$25.5 million increase from the fiscal year 2014 adopted budget.

The capital budget for fiscal year 2015 for all funds totals \$371 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 2015 after the fiscal year 2014 audit is complete.

Key Priorities and Challenges

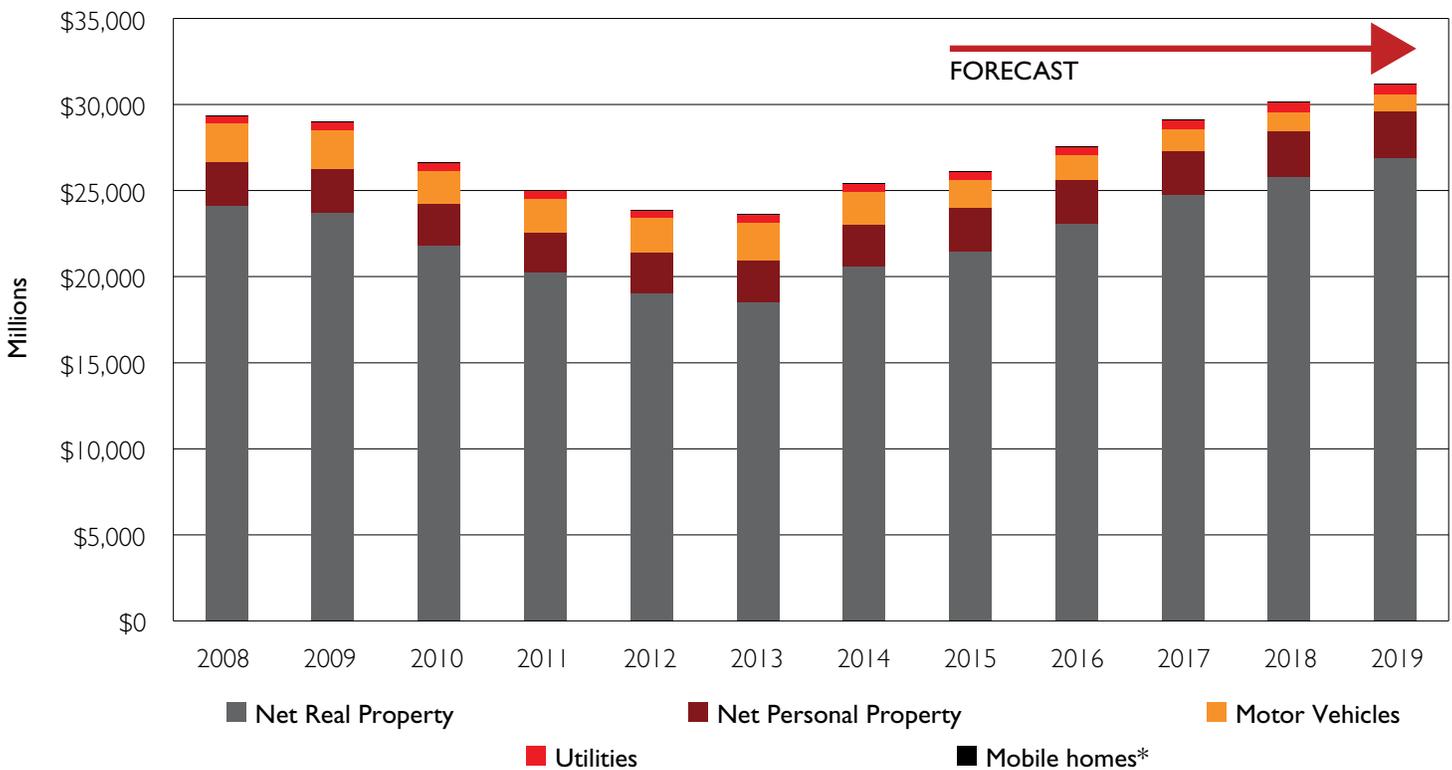
Property Taxes

About one-third of the total revenue for all operating funds is derived from property taxes. Property taxes provide most of the funding for the General Fund for County operations, the Recreation Fund for park operations and maintenance, to pay down voter-approved debt for the Detention Center, and for service districts such as police and fire and emergency medical services.

For many years, Gwinnett County experienced the benefits of a growing property tax digest, which is the total value of all taxable property as determined by the County Tax Assessor. Beginning in 2008, the tax digest began to decline and County revenue dropped \$245 million over five years. The County was challenged by the need to balance core services with declining tax revenue. County officials believe the 2013 tax digest represented 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 2015. The County has budgeted property taxes conservatively to incorporate fluctuations in both the estimated digest and collection rate assumptions.

Historical Digest Growth

(FY2008 to FY2019)



*Value too small to appear on this chart

Commissioners will set millage rates for 2015 property taxes in the summer. Properties will be taxed based on where they are located and what services they receive.

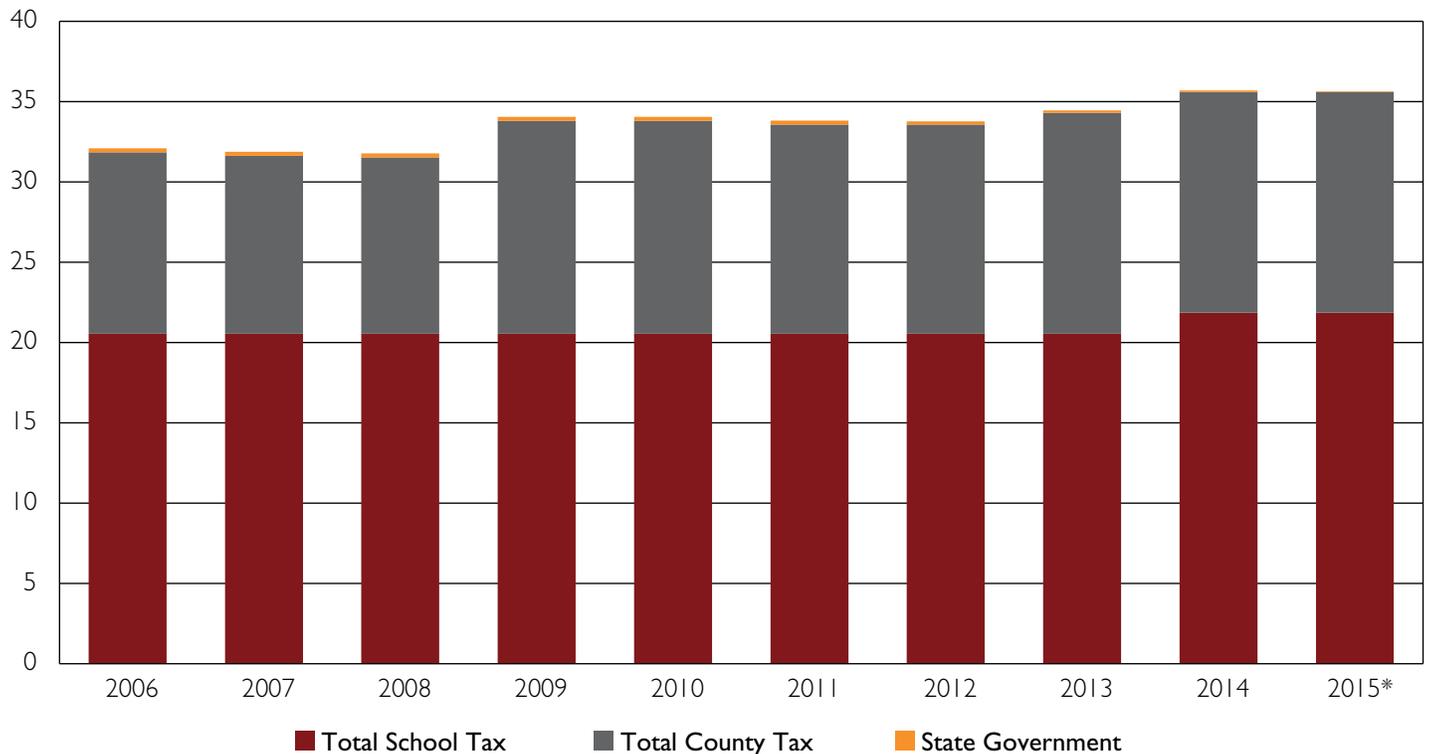


Tax-Related Funds: Real and Personal Property Tax Rates FY 2006 – 2015 (mills)

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015*
General Fund	10.00	9.81	9.72	11.78	11.78	11.78	11.78	7.40	7.40	7.40
Fire and EMS District	–	–	–	–	–	–	–	3.20	3.20	3.20
Police Services District	–	–	–	–	–	–	–	1.60	1.60	1.60
Development and Enforcement District	–	–	–	–	–	–	–	0.36	0.36	0.36
Recreation Fund	0.82	0.80	0.79	1.00	1.00	1.00	1.00	0.95	0.95	0.95
G.O. Bond Fund	0.23	0.23	0.22	0.23	0.23	–	–	–	–	–
G.O. Bond Fund II	0.25	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24
Total County Tax	11.30	11.08	10.97	13.25	13.25	13.02	13.02	13.75	13.75	13.75
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
Total School Tax	20.55	21.85	21.85							
State Government	0.25	0.25	0.25	0.25	0.25	0.25	0.20	0.15	0.10	0.05
Total Property Tax	32.10	31.88	31.77	34.05	34.05	33.82	33.77	34.45	35.70	35.65

*The 2015 millage rate is an estimate.

Total Property Tax Rates FY 2006 – 2015 (mills)



*The 2015 millage rate is an estimate.

Economy

The improving housing market, stock market upswings, and labor market improvements continue to indicate an improving economy. On a local level, job creating initiatives like Partnership Gwinnett have helped lay the foundation for the county's increasing economic vitality. Spearheaded by the Gwinnett Chamber, Partnership Gwinnett is a public-private initiative committed to job growth and retention, professional development, and education. Since its inception in 2006, Partnership Gwinnett has assisted in more than 200 corporate relocations and expansions, which contributed to the creation of more than 13,750 jobs in the county. From March 2013 to March 2014, Gwinnett County achieved a job growth rate of 3.5 percent, ranking it 44th among the 339 largest counties in the United States.

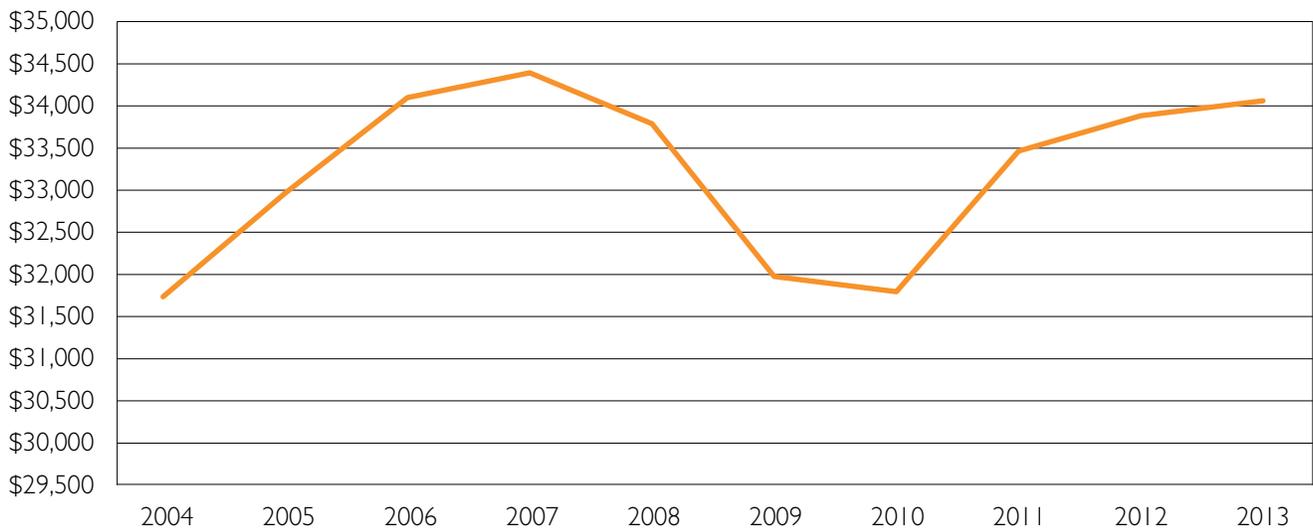
The job market in Gwinnett County continues to fare better than many counties across the Atlanta region and the state of Georgia. According to the Bureau of Labor Statistics, Gwinnett County had a preliminary December 2014 unemployment rate of 5.7 percent, which was considerably lower than both the Atlanta Metropolitan area (6.4 percent) and the state (6.6 percent).

Gwinnett's housing market has also seen marked improvements. The county's housing market experienced a significant amount of distress during the economic recession—foreclosures rose dramatically while property values declined. As the economy began to improve, the number of foreclosures decreased, construction of new homes returned, and the majority of Gwinnett County homeowners saw their property values improve. The average home value in Gwinnett County rose approximately 15 percent from 2013 to 2014, increasing from \$150,000 in 2013 to \$173,000 in 2014. The number of single-family permits reached 2,241 in 2014, up more than five times the 446 single-family permits issued in 2009.

Per capita personal income, a measure of standard of living, is another useful indicator of the county's economic well-being. Prior to 2008, per capita personal income rose for many years. From 2008 to 2010 with the economic recession underway, residents saw their incomes decline. In 2011, per capita personal income began to improve and has continued to improve since then, nearing pre-recession levels by 2013.

2004 – 2013 Per Capita Personal Income Gwinnett County, Georgia

Source: U.S. Bureau of Economic Analysis



Decision Packages and Operating Impacts

Decision packages, or requests to either increase or decrease the level of service that the submitting department provides, were an important consideration in the development of the fiscal year 2015 budget. A service enhancement usually has a cost increase, while a service reduction usually has cost savings. Despite \$17.8 million in requests, the budget includes funding for only \$6.9 million. The following table highlights some of the most significant decision packages affecting the County's finances in 2015.

Key Decision Packages and Operating Impacts (*approximate amounts*)

Description	Appropriation Amount
Employee compensation adjustments	\$ 7,300,000
New Fire Station 31 near Georgia Gwinnett College	3,000,000
Roadside maintenance services	600,000
Transit services	500,000
Treatment Court Unit expansion	364,000
Animal Control positions	258,000
Additional judiciary support personnel	259,000
Information Security Management Division	186,000
Transportation service for older adults with chronic illnesses	150,000

Employee compensation adjustments – To address concerns over employee recruitment and retention, the 2015 operating budget includes a 4 percent pay-for-performance increase for non-sworn employees and a 4 percent step increase for public safety personnel.

New Fire Station 31 near Georgia Gwinnett College – In recent years, growth in North Lawrenceville has exceeded the ability of current resources to adequately meet demand for fire and emergency medical services. To help meet the increased demand, Fire Station 31 will be constructed on Collins Hill Road across from Georgia Gwinnett College.

Roadside maintenance services – The 2015 budget includes funding to partially restore road services that were reduced or cut during the economic downturn. Private companies will be contracted to mow and trim sidewalks and medians and sweep curbs and turn lanes.

Transit services – Previous efforts to maximize efficiency and reduce operating costs related to Gwinnett County Transit resulted in reductions in transit services. The 2015 budget includes a \$500,000 increase in professional services to provide enhanced Local and Express Service. The department will add one morning and one evening trip at the Indian Trail Park and Ride lot for Express Service, along with reinstating Saturday service for the Local Routes.

Treatment Court Unit expansion – The success of the Treatment Courts has resulted in increased workloads for the deputies. To provide adequate coverage for all treatment courts and reduce overtime, the budget includes funding for additional staffing at the Treatment Courts.

Animal control positions – Prior year budget cuts have resulted in staff reductions at the Animal Welfare and Enforcement Unit while demand for services has increased. The number of animals taken into the Animal Welfare and Enforcement Unit has increased over the years, as have the number of animals that are adopted out of the shelter. To address the understaffing issue, the budget includes funding for additional animal control personnel.



Additional judiciary support personnel – Several additional judiciary support positions are included in the budget to support the following:

- DUI Court, where grant funding is no longer available
- Indigent Defense Program, to accommodate an increased workload
- Magistrate Court judges, where the caseload has doubled since 2005 with no increase in staffing
- Provide assistance to the jury manager to handle increase in jury summons, mailings, and hearings

Information Security Management Division – The 2015 budget includes funding to establish an Information Security Management (ISM) Division in the Department of Information Technology Services (DoITS) to protect the County information systems and enable delivery of high-quality government services while preserving the integrity of information and data privacy. The division will be responsible for physical and information security and will coordinate activities throughout DoITS, ensuring not only the appropriate policies are in place to support the department's security principles but also that the department is in compliance with the principles and policies in practice.

Transportation service for older adults with chronic illnesses – In order to serve Gwinnett County seniors who are in need of transportation services to medical appointments, the budget includes funding to incorporate 9,423 additional one-way trips for riders who are medically fragile.

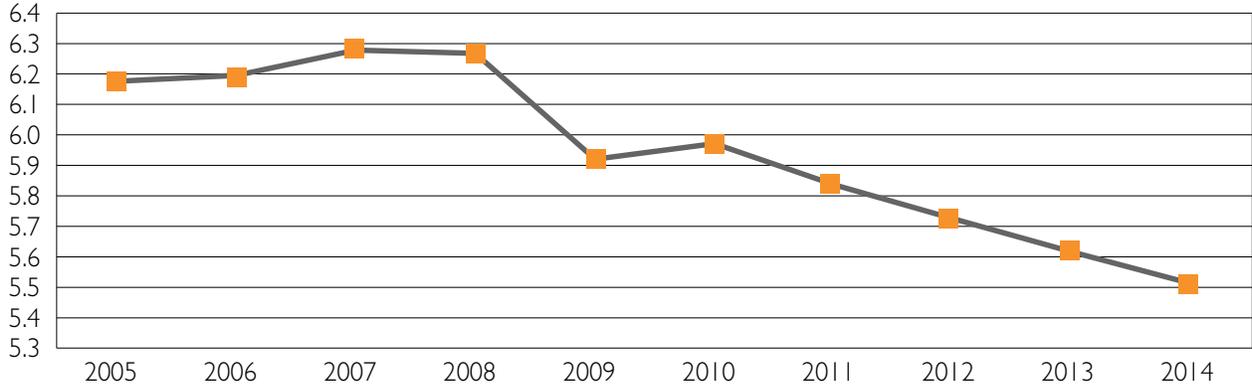
Employee Environment



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.

Ratio of Authorized Positions Per 1,000 Population



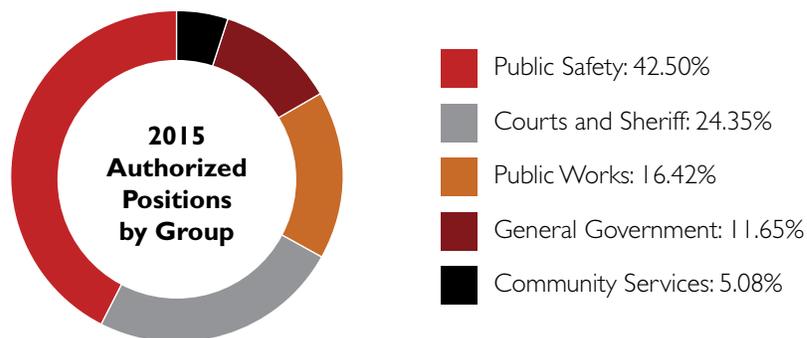
Sources: U.S. Census. 2014 population estimate from Gwinnett County Financial Services/Planning and Development



Gwinnett County Authorized Position History

Agency	Group	2012	2013	2014	2015 Adopted
Clerk of Court	Courts and Sheriff	105	105	106	106
Clerk of Recorder's Court	Courts and Sheriff	17	17	17	17
Community Services	Community Services	242	240	245	250
Corrections	Public Safety	134	134	134	134
County Administration	General Government	35	35	36	36
District Attorney	Courts and Sheriff	103	105	110	110
Financial Services	General Government	125	116	116	118
Fire Services	Public Safety	844	844	851	889
Human Resources	General Government	37	36	36	40
Information Technology	General Government	116	116	118	122
Judiciary/Court Administration	Courts and Sheriff	98	98	99	103
Juvenile Court	Courts and Sheriff	62	61	61	61
Law	General Government	16	16	16	16
Planning and Development	Public Works	72	76	80	80
Police Services	Public Safety	1,065	1,065	1,066	1,068
Probate Court	Courts and Sheriff	21	21	21	24
Water Resources	Public Works	580	579	580	585
Recorder's Court Judges	Courts and Sheriff	9	9	9	9
Sheriff	Courts and Sheriff	706	706	706	713
Solicitor	Courts and Sheriff	54	55	55	55
Support Services	General Government	104	116	120	122
Tax Commissioner	General Government	118	118	119	119
Transportation	Public Works	145	143	143	143
Total		4,808	4,811	4,844	4,920
Unallocated	General Government	4	14	10	21

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 10 percent over the past five years have also helped improve the funded ratio.

Workforce Health

During 2014, wellness has been a major focus of the County's health and wellness programs. With the addition of Asset Health as our wellness provider and a dedicated onsite wellness advocate available to employees, we have seen a huge increase in participation and interest as we use this year to transition to a new health insurance strategy.

Participation in the wellness program has increased from 45 percent of eligible employees in 2013 to 92 percent in 2014. Based on aggregate data received from biometric tests and wellness assessments, the County will be able to better structure its wellness program to address issues and concerns of County employees. To increase emphasis on wellness, we have combined the health and wellness plans. To obtain the best insurance rates, employees must participate in wellness activities. We have also incorporated pre-tax incentives into our strategy in the form of Health Savings Accounts and Health Reimbursement Arrangements.

As a further enhancement to our wellness program, the County is scheduled to open the Gwinnett County Employee Wellness Center in 2015. The center will be a joint project with Kaiser Permanente and Healthstat, Inc. The center will be available to employees, retirees, and dependents over age 18 who are enrolled in County medical plans. The center is scheduled to open in the second quarter of 2015. This wellness center will provide preventive and acute care for participants.

Health Benefit Costs

With more of the provisions of the *Affordable Care Act* being implemented, costs such as the Transitional Reinsurance Contributions have added to the cost of providing benefits to employees and retirees. To mitigate some of the costs, a new health plan strategy was proposed for 2015. Plan offerings will include High-Deductible Health Plans (HDHP) and Health Maintenance Organizations (HMO) at Gold and Silver Levels. This strategy will provide employees with choices and afford an opportunity to adjust coverage and costs. Continuing to monitor the effectiveness and funding structures of these plans will be a major focus going forward. The impact of the wellness center should also help in controlling costs from both the self-insured and fully insured plans. This strategy also provides the same level of support for each plan and tier and will make it easier to share increases in health insurance premiums between the employer and the employee.

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.

The Balanced Scorecard

The balanced scorecard (BSC) is a balanced approach to performance measurement that monitors the strategic success of an organization through the tracking of key performance indicators within the perspectives of organizational learning and growth, internal process efficiency and effectiveness, financial stewardship, and citizen/customer engagement. In early 2007, Gwinnett County selected the balanced scorecard framework as its strategic planning and management system. The balanced scorecard development and refinement is performed in conjunction with the County's annual Strategic Business Planning Process. Scorecards are in place for all departments and agencies under the County Administrator's purview. These scorecards are used to align activities and resources with organizational goals and to improve internal communication and decision-making by providing performance feedback on critical priorities.



Continuous Improvement Program

Gwinnett County is committed to delivering value to our customers in the most efficient and effective manner possible. This commitment is embodied by our continuous improvement (CI) program, which uses principles from various disciplines such as Lean and Six Sigma to improve business practices through the reduction of waste, elimination of error, and standardization and documentation of processes. Recognizing the need to sustain operations within the limitations of current resources, we seek to continuously improve our business activities to consistently deliver greater value to our residents for their investment.

Continuity of Operations/Continuity of Government

Gwinnett County recognizes and acknowledges that the protection of County assets and business operations is a major responsibility. Therefore, it is a policy of the County that a viable Continuity of Operations Plan (COOP) be established and maintained to ensure high levels of service quality and availability. 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, 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.

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
- Business Expenditure Policy
- Grant Administration Practices
- Investment Policy
- Capital Asset Investment and Management Policy
- Debt Management Policy
- Risk Management Practices
- Purchasing Practices
- Reserve Policies – General Fund, Special Revenue Funds, and Enterprise Funds

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 is 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 incorporate 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. 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 29 in this section of the document for the 2015 Budget Resolution Summary.

Business Expenditure Policy

Through the course of normal operations and in emergency situations it is both necessary and prudent to allow for reasonable expenditures of County funds by its employees and officials. The County will incur or reimburse reasonable and necessary expenditures made in the best interest of the County for a specific business purpose with appropriate documentation and approval. The purpose of this policy is to provide general guidelines for Procurement Card, Business and Travel Reimbursement, and Petty Cash expenditures. It is intended to ensure clear and consistent understanding of expenditure policies; ensure compliance with federal, state, and local regulations; ensure equitable consideration to both the employee and the County; and provide guidelines covering travel and other business expenses, as well as the documentation required for substantiation.

This policy shall apply to all Elected Officials, Agencies, Departments and Employees of Gwinnett County Government. All expenditures authorized under this policy shall be subject to the availability of funds. All purchases must comply with the applicable laws of the State of Georgia and Gwinnett County Ordinances, including but not limited to the Gwinnett County Purchasing Ordinance. This policy establishes minimum standards which can be supplemented by more stringent policies, laws, or regulations when applicable.

- A. **Permitted business expenses** – The County will incur or reimburse business expenses that are a) reasonable and necessary, b) for a County business purpose, and c) documented, approved and submitted properly. Elected Officials, Agency Heads, Department Directors and Employees are responsible for reporting purchasing, travel and other business expenses accurately. All staff will ensure travel and business expenses are conducted in the most efficient and cost effective manner.

Examples of common allowable business expenses include, but are not limited to, office expenses (copy services, postage, supplies) and business related phone calls, faxes, and internet fees; conference/registration fees; fees to maintain ant license or certification that is required as a condition of employment; and professionally relevant periodical subscriptions for County departments and offices.

Examples of common unallowable business expenses include, but are not limited to, travel membership dues, club fees, travel upgrade fees, alcoholic beverages of any kind, childcare costs; county club dues, haircuts and personal grooming, lost baggage, personal pet care, personal entertainment, recreational expenses, and personal vehicle charges.

Elected Officials, Agency Heads, and Department Directors may impose additional or more restrictive requirements for authorizing or approving business expenses. Unallowable or excess business expenses and/or travel advances are the responsibility of the individual, and must be repaid promptly if initially paid from County funds.

- B. **Procurement Card (P-Card)** – The use of a P-Card is the preferred method of payment for business expenses unless otherwise prohibited.

The Procurement Card Administrator issues the P-Cards to the authorized cardholder who has signed the Procurement Card Agreement which covers the terms and conditions of the program. The issuance of a P Card is strictly prohibited until the cardholder has signed the Procurement Card Agreement.

The cardholder is solely responsible for all transactions. Delegating the use of the P-Card is permissible only to authorized users. It is required that each authorized user read and sign a Procurement Card Acknowledgement form, prior to usage of the P-Card.

All P-Cards must be immediately cancelled when a cardholder terminates employment with the County or assumes another position that does not require the use of the P-Card in that department.

The P-Card may have up to a maximum initial limit of \$50,000 and up to a single transaction limit of \$5,000. Any request to raise the limit must be submitted in writing from the cardholder's Elected Official, Agency Head, or Department Director to the Procurement Card Administrator, and follow the delegated authority procedures in compliance with the Purchasing Ordinance.

Each Agency and Department's Procurement Card Liaison should receive the cardholder's supporting documentation within two weeks of each business expense. In the event supporting documentation is missing or incomplete the cardholder will be notified by the Department/Agency Procurement Card Liaison. It is the responsibility of the cardholder to provide missing or incomplete information to the Department/Agency Procurement Card Liaison in a timely fashion.





Undocumented charges must be immediately refunded to the County by the cardholder. Further transactions may be restricted and are subject to review for disciplinary action. Violations of the policy may result in the deactivation of cardholder accounts and penalties up to and including termination of employment.

- C. **Travel and Business Expense Reimbursement** – The approved most cost effective method of transportation that will accomplish the purpose of the travel shall be selected. When traveling on official County business, transportation and registrations should be charged to a County Procurement Card, where accepted. Petty Cash must not be used to reimburse and/or advance travel related business expenses. When meals are offered as part of a conference fee or when the traveler hosts or is hosted by another party while on travel status, the traveler must acknowledge these meals while completing the travel allowance portion of the expense report.

A traveler must complete an outstanding expense statement within fifteen (15) days of completion of the trip.

In order for travel advances and reimbursements of travel expenses to be excluded from a traveler's taxable income, the County's travel policies must meet the Internal Revenue Service (IRS) requirements for an "accountable plan". The County Travel Policy has been developed with the IRS Regulations as its primary framework. Accordingly:

- a. Advances and reimbursements must be reasonable in amount, must be made for official County business only and must be in line with actual costs incurred. Expenses that do not comply with policy guidelines will be the obligation of the individual who incurred the expense.
- b. Travelers must submit expenses via the Travel system or via the manual expense reimbursement form. Itemized receipts must be attached when submitting a Travel Statement/Travel and Expense Reimbursement Form upon return from travel.
- c. Employees must return any advance amount in excess of allowable substantiated expenses.
- d. Employees separating from the County must resolve all outstanding travel advances prior to receiving a final paycheck.

Employees traveling overnight will be paid a per diem amount designed to cover the cost of meals (including taxes and tips), based on the number of meals per day for which the traveler is eligible. Employees who are provided meals during the course of their travel must deduct a corresponding meal from their per diem reimbursement claim for each meal provided. Travelers are eligible for a maximum of seventy-five percent (75%) of the total per diem rate on the first and last day of travel.

When traveling by air, the County will reimburse the cost of coach airfare. Travelers on official County business should always select the lowest priced airfare that meets their approved most logical itinerary and County policy. Travelers are expected to use their best judgment to save on the airfare cost consistent with seeking the best overall value for business-related activities to the County.

When traveling within Georgia, use of County vehicles is encouraged. Use of County Vehicles is governed by the County Fleet Policy. When traveling outside of Georgia, additional restrictions may apply. An employee using a privately-owned vehicle required to report to a work location other than his or her assigned location, may request reimbursement for travel mileage. Mileage reimbursement will not be granted to employees receiving a car allowance. Employees are expected to use any courtesy transportation available at the travel destination. If renting a vehicle, it is required that insurance offered by the rental company be purchased for full coverage for physical damage and the \$1,000,000 automobile liability.

Lodging costs are advanced, County paid, or reimbursable under the following conditions: a) an employee is pre-approved for travel by the appropriate Elected Official, Agency Head or Department Director, b) government rates are requested, c) original lodging receipts are submitted with the Travel Expense Statement, d) original lodging receipts indicate cost incurred for single occupancy, unless there is more than one (1) County employee traveling and voluntarily sharing a room, e) comparable room rates of alternate local lodging, within a reasonable distance of the event site (lodging rates at the event facility are acceptable), and f) lodging rates exceeding the GSA rate must be justified and documented.

Each transaction must be consistent with departmental/agency budgetary and project/grant guidelines. The approver must be sure the correct funding sources are charged, in keeping with proper fiscal stewardship. Under no circumstances should an individual be the sole approver of his/her own expense submission. Denied expenses will be considered a personal expense to the traveler. Upon granting approval of expense submissions, approvers are certifying the appropriateness of the expenditure and reasonableness of the amount; availability of funds; compliance with all federal, state, and local regulations as appropriate; and the completeness and accuracy of supporting documentation.

In the event that the responsibility for systematic trip approval is delegated by an Elected Official/County Administrator, the ultimate responsibility for travel authorizations and approvals remain with the Elected Official/County Administrator. The Elected Officials / County Administrator Expense Acknowledgement Form serves as confirmation that the Elected Official/County Administrator maintains this responsibility.

- D. **Petty Cash** – The petty cash account is for reimbursement of small out of pocket expenses and should only be used when issuing a check would be too expensive and time consuming. Money cannot be disbursed in advance of a purchase. Petty cash accounts should be used only in the event that other forms of payment such as Procurement Card or Business Expense Reimbursement are unavailable or impractical.

Petty cash accounts shall be reconciled each month as part of the month-end closing of the County's financial records.

Requests for reimbursement cannot exceed \$40.00. Reimbursement will be made only when itemized receipts are attached to the Petty Cash Reimbursement Request Form. The County is tax exempt; therefore, Georgia Sales and Use Tax cannot be reimbursed in connection with any out of pocket purchase. Receipts must not be artificially divided in order to circumvent the maximum dollar limit. Any one person must not hold multiple receipts for different days or accumulate receipts over an extended period of time. Requests exceeding forty-five (45) calendar days will not be reimbursed.

Grant Administration Practices

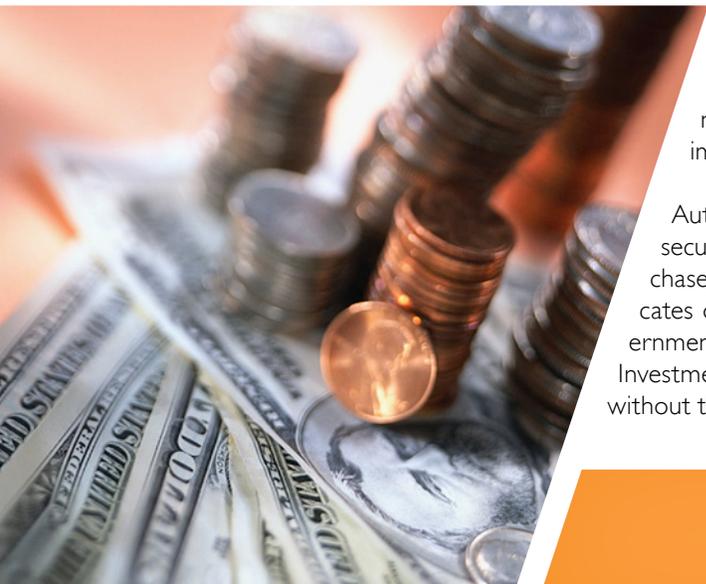
Whenever grants are available from state or federal governments, efforts are made to secure these funds if they fit within the overall plans of the County. Once granted, funds are used prudently in the hopes of renewal unless fulfillment of the requirements are too costly.

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 Policy

The purpose of the Debt Management Policy is to set forth the parameters for issuing debt and managing outstanding debt. The intent is to provide structure for decisions regarding the timing and purposes for which debt may be issued, types and amounts of permissible debt, method of sale that may be used, and structural features that may be incorporated. Should the County pursue variable rate debt and enter into agreements related to the management of the interest rate, the County will follow the parameters of the agreements (security and payment provisions, risk assessment and methods for monitoring these risks) outlined in an Interest Rate Management Plan.

When the County issues debt, there are on-going responsibilities related to federal tax law (with respect to tax-exempt securities) and securities laws (with respect to ongoing disclosure) or as a result of contractual commitments made by the County. A Post Issuance Compliance Plan is intended to guide Gwinnett County in meeting its obligations under applicable statutes, regulations and documentation associated with publicly offered and privately placed securities.

- A. **General Obligation Bonds** – General Obligation bonds can be considered as a financing source by the County when the service provided is essential to Gwinnett County government, there is no clear underlying revenue stream, or the project cannot be completed from current revenue sources or it is more equitable to finance the project over its useful life.
- B. **General Obligation Debt** – General Obligation Debt, as defined by Georgia Law, is backed by the full-faith and credit and unlimited taxing power of the County and requires Gwinnett voter approval unless the purpose is to refund outstanding general obligation bonds to achieve debt service savings.

The County may incur debt on behalf of any special district created pursuant to the Georgia Constitution. Such debt may be incurred only after the County has provided for the assessment and collection of an annual tax within the special district sufficient in amount to pay the principal and interest on such debt and has received the assent of a majority of the voters of the special district voting on the issue. The proceeds of this tax shall be placed in a sinking fund to be held on behalf of such special district and to be used exclusively to pay off the principal and interest on such debt. General Obligation bonds are considered Sales Tax General Obligation Bonds when a question concerning general obligation debt is placed on the ballot for a sales tax program. This policy allows Gwinnett to place a general obligation debt question on the ballot for sales tax for capital projects. If the sales tax is approved by the voters, general obligation debt is also approved. This type of general obligation debt is payable first from sales tax and then from general funds of the issuer, if sales tax is not sufficient.

- C. **Revenue Bonds** – Revenue bonds can be considered as a financing source by the County when the service provided is essential to Gwinnett County government and has a strong underlying revenue stream; the service provided is non-essential to Gwinnett County government but has a moderate underlying revenue stream; or the project cannot be completed from current revenue sources or it is more equitable to finance the project over its useful life.





- D. **Pension Obligation Bonds** – Should the County contemplate the issuance of pension obligation bonds, an independent financial advisor should provide analysis addressing risk to the Director of Financial Services. Experiences of other jurisdictions as well as the matching of pension obligation bonds against the maturities of assets should be included in the analysis.
- E. **Redevelopment and Debt** – Self-taxing arrangements are the preferred funding method for infrastructure within a Community Improvement District or a Tax Allocation District. Tax Increment Financing (TIF) in conjunction with such an entity and self-tax arrangements may be utilized as a funding mechanism if it is authorized and demonstrated that a sufficient rate of return to encourage private investment is not otherwise available to the developer.
- F. **Authority Debt and Conduit Financing** – Authorities which are registered with the Georgia Department of Community Affairs can incur debt or credit obligations. Similarly, the County has established several authorities which have the authority to issue debt. From time to time, the Board of Commissioners may consider the approval of bond documents from authorities (such as the Metropolitan Atlanta Rapid Transit Authority or the Gwinnett County Development Authority) or other County entities (such as Georgia Gwinnett College or the Gwinnett County Board of Education). The consideration of such bonds does not represent a financial commitment of the County. As such, the debt capacity/limitations ratios are not included in the County’s measures of debt affordability. According to Georgia law, bonds, obligations, and other indebtedness incurred by development authorities do not constitute an indebtedness or obligation of the state or County. Unless otherwise specified within a lease or intergovernmental agreement, authority debt is not considered a financial commitment of the County.
- G. **Short-Term and Other Borrowing** – Interim debt may be utilized for temporary funding of operational cash flow deficits pending receipt of anticipated revenues, or construction financing needs. Such borrowing must be in compliance with state law and in the form of line-of credit, anticipation notes, internal borrowings, commercial paper, or construction loan notes. Repayment will occur over a period not to exceed the useful life of the underlying asset.
- H. **Debt Capacity/Limitations** – Management will consider the following when making the decision to issue debt: legal debt margin, direct net debt per capita, debt service in Governmental funds as a percentage of Operating Expenditures in Governmental funds, debt burden (overall net debt as a percentage of full valuation, and the ten-year payout ratio).
- I. **Refinancing of Outstanding Debt** – The County will contract with a Financial Advisor to monitor the municipal bond market for opportunities to obtain interest savings by refunding outstanding debts. In adherence with federal tax law constraints, refunding will be considered if and when there is a net economic benefit of the refunding, the refunding is essential in order to modernize covenants or other commitments essential to operations and management, or to restructure payment schedules to optimize payments with anticipated revenue streams.
- J. **Debt Structure** – County debt will be amortized for the shortest period consistent with a fair allocation of costs to current and future beneficiaries or users, or to match the useful life of the project, and in keeping with other related provisions of this policy. The County will show a preference for the use of level debt service payments, unless specific compelling reasons exist to structure the debt otherwise.

Credit enhancement (letters of credit, liquidity provider, bond insurance, etc.) may be used if the present value reduction of debt service costs achieved by their use outweighs the initial cost of the enhancement or when they provide other significant financial benefits or appropriate risk reduction to the County.

In cases where the County desires to capitalize interest, interest shall only be capitalized for the construction period of a revenue-producing project. Only under extraordinary circumstances will interest be capitalized for a period exceeding the construction period.

Call provisions for bond issues shall serve the primary interests of providing financial flexibility. Call provisions shall be set in a manner that is as short as possible while achieving the lowest interest cost to the County.



To the extent permitted by law, the County may form or enter into associations/agreements for joint issuance of debt. The purpose of such arrangements must be to share issuance costs, obtain better terms or rates, or to advance other fiscal goals. Only per contractual agreement or as permitted by law shall the County assume liability through any joint program for the debt obligations or tax consequences related to another government or organization's debt program.

The County has historically relied upon the budget certainty accruing from fixed rate debt to fund its borrowing needs and will continue to show a preference for this type of issuance.

Based on the situational or project specific reasons, the use of variable rate debt will be utilized in a limited way to the extent that it presents a significant interest savings to the County and does not subject the County to excessive risk of unfavorable changes in interest rates, pressure on the County's credit rating, unexpected budgetary pressures, or excessive debt service acceleration risk or the potential for balloon indebtedness in the event market access is restricted to the County the inability to repay variable rate obligations as they come due or escalating payments.

No derivative products will be utilized unless permitted by law or without prior authorization of the Board of Commissioners. No derivative products shall be utilized without an analysis by an independent financial advisor and the implementation of an independent monitoring program. As a method of annually assessing the level of risk with any variable rate bonds, the Interest Rate Management Plan will be used to identify the risks associated with such variable rate debt.

- K. **Financing Team Selection Process** – The County employs outside financial specialists to assist in developing a bond issuance strategy, preparing bond documents and marketing bonds to investors. The key participants in the County's financing transactions include its Financial Advisor, Bond Counsel, Disclosure Counsel, the Underwriter (in a negotiated sale), and County representatives. Other outside firms, such as those providing paying agent/registrars, trustee, credit enhancement, auditing, or printing services, are retained as required. The objectives of the selection process are participation from qualified providers, ensuring service excellence, and competitive cost structure. Unless exemptions apply, the County's Purchasing Ordinance governs the selection of professional service providers.

The County will solicit competitive proposals for financial advisory services. The County may not retain an advisor for longer than five years without a competitive selection process. A panel appointed by the Director of Financial Services shall review financial advisory services proposals.

The Financial Advisor will solicit proposals for underwriting services for debt issued in private placement or negotiated sale. A committee appointed by the Director of Financial Services shall review underwriting proposals and shall appoint an underwriting firm. With either a private placement or a negotiated sale, the underwriter must disclose any potential conflicts of interest.

The County shall procure professional services for record keeping, banking services, or other debt administration specialists in compliance with the Purchasing Ordinance.

- L. **Method of Sale** – The County will select a method of sale that is the most appropriate in light of financial, market, transaction-specific and issuer-related conditions. Based on information provided by the Financial Advisor, the Director of Financial Services is authorized to determine the most advantageous process for the marketing and placement of the County's debt. Methods of sale include, but are not limited to, competitive sales, negotiated sales, private placement, and lease/purchase agreements.
- M. **Management/Disclosure Practices** – The County is committed to full and complete primary and secondary financial disclosure to rating agencies, national information repositories, state and national regulatory agencies, as well as those of the underwriting market, institutional buyers, and other market participants as a means to enhance the marketability of County bond issuances. Official statements accompanying debt issues, Comprehensive Annual Financial Reports, and continuous disclosure statements will meet (at a minimum) the standards articulated by the Government Accounting Standards Board (GASB), the National Federation of Municipal Analysts, the Securities and Exchange Commission (SEC), the Municipal Securities Rulemaking Board (MSRB) and Generally Accepted Accounting Principles (GAAP).

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 of 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:

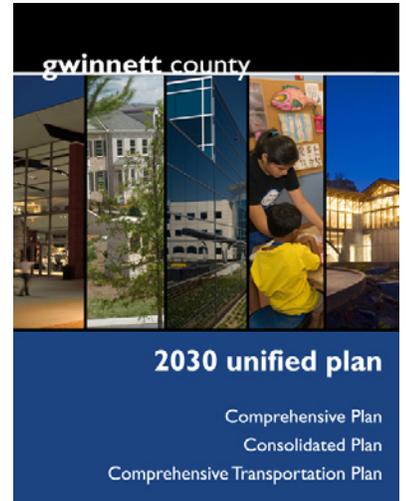
1. Fund accrued liabilities, including but not limited to debt service, pension, and other post-employment benefits as directed and approved within the long-term financial plan and the annual budget resolution. Priority is given to those items that relieve budget or financial operating pressure in future 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.



Planning Tools

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

- 2030 Unified Plan
- Long-Term Financial Planning Policy
- Solid Waste Management 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
- Five-Year Forecast of Revenues and Expenditures
- Property Tax Digest Forecast



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 does 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.

The current phase of the plan update, which began in mid-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.

Adopted by the Board of Commissioners in 2013, the **Long-Term Financial Planning Policy** is based on a process that identifies internal and external issues that could impact the County's financial condition over the next five years. The policy is described in detail in the "Policies and Practices" section on pages 13 – 14 in this section of the document.

The [Solid Waste Management 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 2015.

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 880,000 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 Greenways 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.

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 19 – 20 in this section of the document. Gwinnett County's major capital achievements in fiscal year 2014 and the programs that make up the 2015 – 2020 CIP are described in Section VI.

The County uses forecasting tools as part of the County's annual budget process. Two of these tools are the **five-year forecast of revenues and expenditures** and the property tax digest forecast. While the operating budget only considers a 12-month period, spending and decisions made today can have lasting financial impacts to the County. The multi-year forecast considers the condition of a fund in the current year as well over the next several years. Scenarios are created which allow Budget Review Team members to see the lasting financial impacts of decisions under consideration such as the timing of capital construction and the related operating impacts.

One of the most important forecasts for the County's financial well-being is the **property tax digest forecast**. The County budgets property tax revenues more than one year in advance of the digest being submitted to the state. As a result, the County has historically budgeted property taxes conservatively to incorporate both estimated fluctuations in the digest and collection rate assumptions. The digest forecast considers trends in the economy, housing market including foreclosures, population, construction, and other factors which influence the value of properties within the County.

These 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. They 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. These planning tools are integrated into the development of the budget, which is described next.



The Budget Process

Budget Process – Flow Chart

The following chart summarizes the budget process and the various steps leading to the adoption of the Fiscal Year 2015 Budget.

	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
Strategic Planning:												
Board of Commissioners Strategic Planning Meeting				→								
Departmental Strategic Planning Meetings					→							
Millage rate adoption for current year						→						
Budget Development:												
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								→				
Finalize and Adopt:												
Chairman finalizes recommendations									→			
Chairman's proposed budget presented to the Board of Commissioners										→		
Chairman's proposed budget published										→		
Budget availability advertised										→		
Board of Commissioners' review and input										→		
Public Hearing											→	
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 significant time commitment 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 2015 budget, County Administration continued the Business Planning Process that was set up in 2009 which 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.

The 2015 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 2015 budget began in May 2014 when the Board of Commissioners held a strategic planning meeting. In summer 2014, departments submitted budget proposals 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 2015 annual operating and capital budgets on or before July 18, 2014. 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 under *Budget Review Meetings*.

With input from the review team, the Chairman presented a proposed budget to the Board of Commissioners on November 18, 2014. The Board of Commissioners reviewed the proposed budget, and in accordance with state law, a public hearing was held on December 8, 2014. County ordinance requires that a budget must be adopted at the first meeting of the new fiscal year. The final adopted budget was approved January 6, 2015, 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.

Budget Resolution Summary

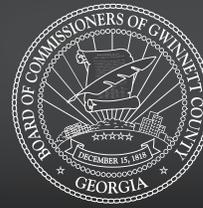
The final outcome of the budget process is the following balanced budget.

FY 2015 Resolution Amounts

Operating Budget	FY 2015
Tax-Related Funds	
General	\$ 246,606,396
G.O. Bond Debt Service (Detention Center)	6,142,158
Development and Enforcement Services District	9,926,204
Fire and EMS	96,922,187
Loganville EMS	24,827
Police Services District	98,957,182
Recreation	31,308,870
Total Tax-Related	\$ 489,887,824
Special Revenue Funds	
Speed Hump	\$ 123,331
Street Lighting	7,742,625
Authority Imaging	960,000
Corrections Inmate	79,200
Crime Victims Assistance	1,200,382
District Attorney Federal Asset Sharing	215,000
E-911	19,489,773
Juvenile Court Supervision	57,784
Police Special Justice	1,034,149
Police Special State	880,240
Sheriff Inmate	558,183
Sheriff Special Justice	75,000
Sheriff Special Treasury	150,000
Sheriff Special State	75,000
Stadium Operating	2,678,596
Tree Bank	10,000
Tourism	7,618,070
Total Special Revenue	\$ 42,947,333
Enterprise Funds	
Airport Operating	\$ 942,444
Local Transit Operating	8,858,289
Solid Waste Operating	43,620,613
Stormwater Operating	31,297,058
Water and Sewer Operating	317,528,457
Total Enterprise	\$ 402,246,861
Internal Service Funds	
Administrative Support	\$ 50,486,779
Auto Liability	1,015,272
Fleet Management	6,228,625
Group Self-Insurance	48,627,347
Risk Management	6,914,642
Workers' Compensation	4,316,621
Total Internal Service	\$ 117,589,286
Total Operating Funds	\$ 1,052,671,304

Capital Budget	FY 2015	FY 2016 – 2020
Tax-Related Funds		
Capital Project	\$ 16,277,234	\$ 182,781,279
Vehicle Replacement	1,999,514	25,474,083
Total Tax-Related	\$ 18,276,748	\$ 208,255,362
Special Revenue Funds		
SPLOST (2009)	\$ 111,536,031	\$ 84,226,494
SPLOST (2014)	123,068,722	228,312,123
Total Special Revenue	\$ 234,604,753	\$ 312,538,617
Enterprise Funds		
Airport R & E	\$ 142,188	\$ 564,045
Solid Waste R & E	12,773	–
Stormwater R & E	20,526,417	108,214,476
Transit R & E	12,687,449	55,377
Water and Sewer R & E/Bond	84,790,015	536,698,000
Total Enterprise	\$ 118,158,842	\$ 645,531,898
Total Capital Funds	\$ 371,040,343	\$ 1,166,325,877

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



RESOLUTION ENTITLED: A RESOLUTION ADOPTING A BUDGET FOR THE FISCAL YEAR 2015 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 2015 TAX DIGEST; AFFIRMING THAT EXPENDITURES IN EACH AGENCY MAY NOT EXCEED APPROPRIATIONS; AND PROHIBITING EXPENDITURES FROM EXCEEDING ANTICIPATED FUNDING SOURCES.

READING AND ADOPTION: January 6, 2015

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 2015 Proposed Budget, as required by State and Local Laws and regulations; and

WHEREAS, the Board decrees that the Proposed 2015 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 \$92,760,083 and remaining funding of \$65,616,301 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 2015 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;
 - (b) allocate funds previously approved between existing capital projects within the same category of projects within Department or Agency.
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 adjustment of revenues and appropriations within Department or Agency for capital categories/projects and revise allocated funding 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 eligible County employees may receive a pay increase as specified in the 2015 Compensation Plan. Pay increases shall be administered in accordance with current procedures as established by the County Administrator. Employee pay increases for any and all years beyond 2015 will depend upon availability of funds and appropriations by the Board of Commissioners; 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-2015
GCID Number: 2015-0040

Charlotte J. Nash
Charlotte J. Nash, Chairman

1/22/15
Date

Attest:



[Signature]
County Clerk Deputy County Clerk

Approved as to form:

[Signature]
Gwinnett County Staff Attorney

Consolidated Budget – All Funds

FY 2015 Revenues and Appropriations

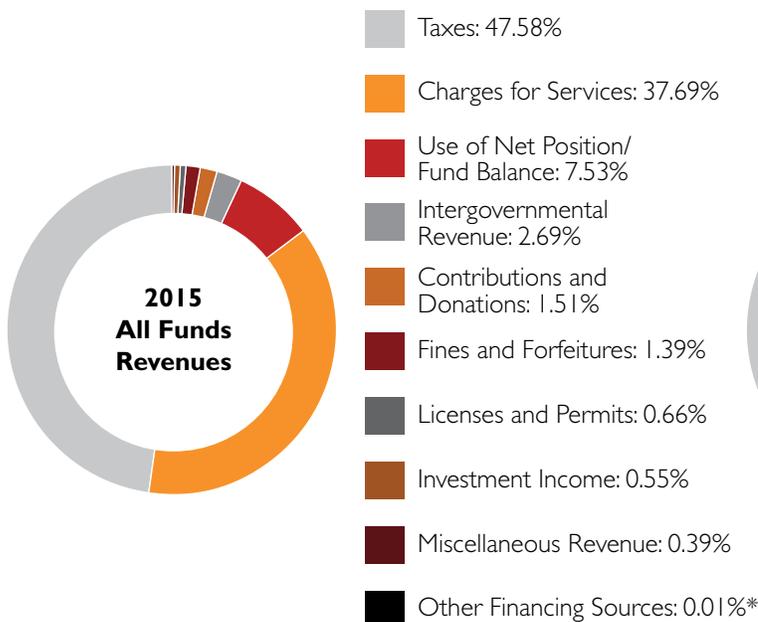
The purpose of a consolidated budget is to eliminate duplicating transfers and Internal Service Fund Activity in order to determine the true cost of providing services. This data excludes inter-fund transfers in the amount of \$133,175,609 and Internal Service Activity in the amount of \$117,589,286.

FY 2015 Revenues

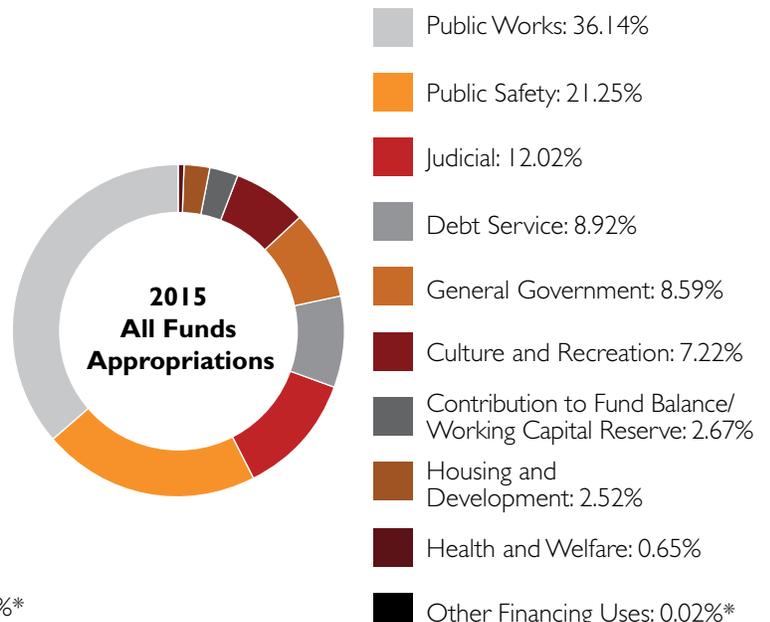
Taxes	\$ 558,061,120
Licenses and Permits	7,722,250
Intergovernmental	31,600,886
Charges for Services	442,119,631
Fines and Forfeitures	16,316,325
Investment Income	6,438,912
Contributions and Donations	17,685,715
Miscellaneous	4,605,858
Other Financing Sources	59,795
Total 2015 Revenues	1,084,610,492
Use of Fund Balance/Net Position	88,336,261
Total Budgeted Revenues	\$ 1,172,946,753

FY 2015 Appropriations

General Government	\$ 100,780,378
Judicial	141,034,076
Public Safety	249,309,685
Public Works	423,810,072
Health and Welfare	7,655,559
Culture and Recreation	84,641,847
Housing and Development	29,589,605
Debt Service	104,566,954
Other Financing Uses	200,000
Total 2015 Appropriations	1,141,588,176
Contribution to Fund Balance/ Working Capital Reserve	31,358,577
Total Budgeted Appropriations	\$ 1,172,946,753



*Value too small to appear on this chart



*Value too small to appear on this chart

Fund Structure and Financial Status

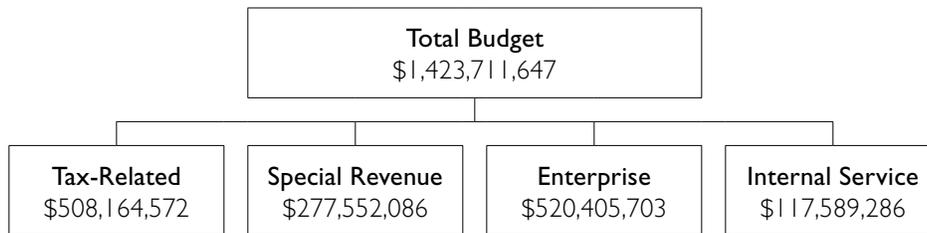


Gwinnett County Government is financially and operationally sound. Emphasizing long-range planning in the budgeting process, a five-year forecast is used to analyze the implications of annual service investments, ensuring adequate revenue sources will be available and secure balances can be maintained 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.

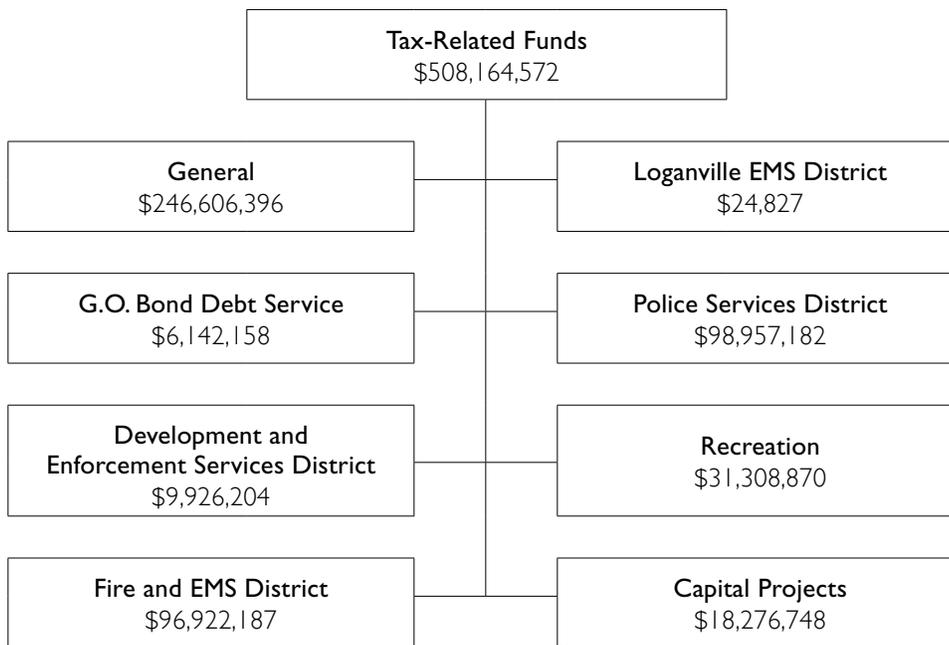
Fund Groups

The 2015 Adopted Budget contains 44 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, General Obligation (G.O.) Bond 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 2015 Operating Budget, encompassing operational funding for County services including courts and sheriff, public works, and community services.

In 2015, expenditures of the General Fund are expected to total \$246.3 million—a decrease of \$9.2 million from 2014 actual expenditures. This decrease is primarily attributable to a decrease in contributions to capital of \$30.3 million, offset by an increase in personal services of \$7.9 million for salary adjustments—an increase in operations of \$7.3 million, an increase in allocations to other funds of \$0.9 million, an increase in payments to subsidies of \$0.5 million, an increase in reserves/contingencies of \$4.2 million, and a planned contribution to fund balance of \$0.3 million.

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

G.O. Bond 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 2015, expenditures in the Debt Service Fund are expected to total \$4.1 million—a slight decrease from the 2014 actual expenditures of \$4.2 million.

Budgeted revenues totaling \$6.1 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 2015, expenditures are expected to total \$9.0 million—an increase of \$1.3 million, or 17.3 percent, from 2014 actual expenditures.

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 2015 expenditures are expected to total \$95.8 million—an increase of \$9.0 million, or 10.4 percent, from 2014 actual expenditures. The 2015 budget includes additional appropriations to expand fire 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. In 2015, expenditures are expected to total \$92.8 million—a decrease of \$7.2 million, or 7.2 percent, from 2014 actual expenditures. This decrease is primarily attributable to a decrease of \$16.2 million in the planned contributions to capital projects, offset by an increase in personal services of \$5.1 million for salary adjustments and an increase in operations of \$4.8 million.





Recreation Fund

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

In 2015, expenditures in the Recreation Fund are expected to total \$31.3 million—an increase of \$1.3 million, or 4.2 percent, from 2014 actual expenditures.

In 2015, revenues in the Recreation Fund are expected to total \$31.3 million—a decrease of \$0.1 million, or 0.4 percent, from 2014, 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 \$16.3 million in 2015. Contributions to this fund are budgeted as follows:

General Fund	\$ 6,044,309
Fire and Emergency Medical Services District Fund	\$ 1,254,694
Police Services District Fund	\$ 1,988,121
Recreation Fund	\$ 1,145,775
E-911 Fund	\$ 203,600
Police Special Justice Fund	\$ 213,653
Police Special State Fund	\$ 106,000
Group Self-Insurance Fund	\$ 665,850
Fleet Management Fund	\$ 408,425

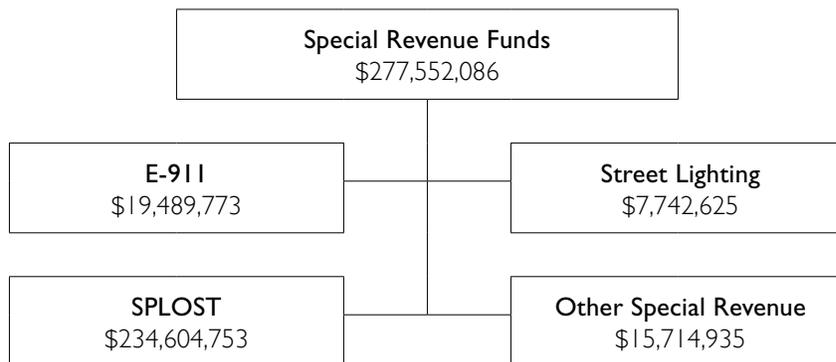
Projects supported in this fund include park improvements, social services facilities, and other County projects. For more information on capital projects, please refer to Sections V and VI of this document.

Vehicle Replacement Fund

This capital project fund, which is primarily supported by contributions from the operating funds, is budgeted at \$2.0 million in 2015. 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 2015, expenditures of the E-911 Fund are expected to total \$19.5 million—an increase of \$3.8 million, or 24.4 percent, from 2014 actual expenditures. Included in the 2015 budget is a \$3.7 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 2015, revenues of the E-911 Fund are expected to total \$14.1 million, and there is a planned use of fund balance of \$5.4 million.

There was an increase in monthly E-911 rates for 2015. The 2015 rates are as follows: Landline \$1.50, Wireless \$1.50, Voice over Internet Protocol \$1.50, 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. There is no adopted fiscal year 2015 budget for this program; however, after the fiscal year 2014 audit is finalized, any unused appropriations from prior years will be rolled forward and used in 2015.

2009 SPLOST Fund

In November 2008, Gwinnett County residents approved a referendum authorizing the County to extend the one-percent SPLOST for five years beginning in April 2009 and ending in April 2014. Sales tax collections for the 2009 program totaled \$671.5 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 2015 budget includes \$111.5 million in appropriations for projects.

2014 SPLOST Fund

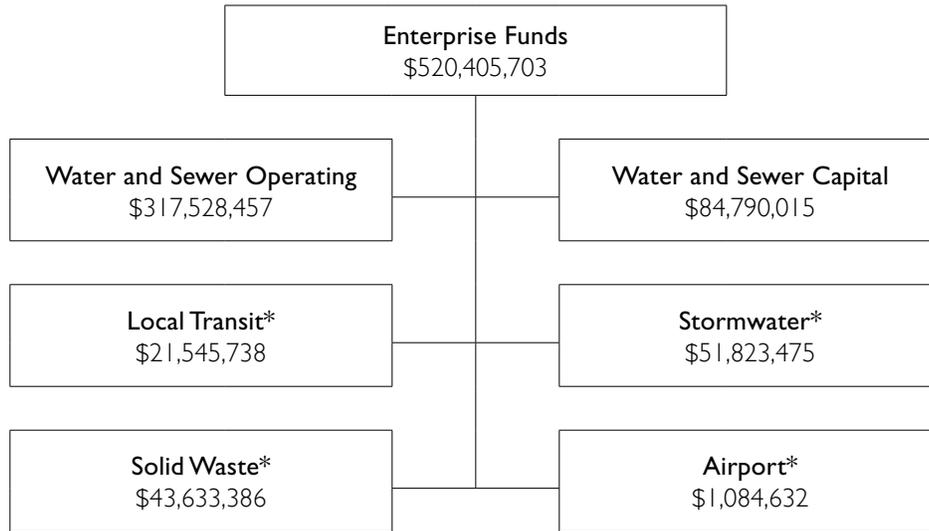
In November 2013, the residents of Gwinnett County approved a referendum authorizing the County to extend the one-percent SPLOST for three years beginning in April 2014. Budgeted sales tax collections for the 2014 three-year program are \$417 million. According to the intergovernmental agreement between Gwinnett County and its cities, the County will receive 78.9 percent of the proceeds and the cities will receive 21.1 percent. The 2015 budget includes \$123 million in appropriations for projects.





Enterprise Funds

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



*Capital included

The County operates five Enterprise Funds including 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 2015 operating budget.

In 2015, Water and Sewer Operating Fund expenditures are expected to total \$298.4 million—an increase of \$29.8 million, or 11.1 percent, from the 2014 actual level of \$268.6 million. The majority of the increase is related to an increase in contributions to the Renewal and Extension Fund for capital expenditures of \$16.3 million, an increase in operations of \$16.9 million, an increase in debt service of \$0.4 million, offset by a \$1.9 million decrease in personal services and \$1.9 million decrease in contributions to other funds. The personal services category shows a decrease because there was an additional transfer of \$7 million to the Defined Benefit Pension Plan in 2014. General operating expenses are up mainly in the areas of professional services and repair and maintenance. A condition assessment of current assets was completed in 2014 resulting in multiple repair and maintenance projects for 2015. Also, a predictive maintenance large scale training program will begin in 2015 and run through 2017.

In 2015, Water and Sewer Operating Fund revenues are expected to total \$317.5 million—an increase of \$1.6 million, or 0.5 percent, from 2014 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. In December 2014, the Board of Commissioners adopted a water and sewer rate resolution that eliminated the rate increase scheduled to take effect on January 1, 2015. The newly adopted rate resolution covers the period of 2016 – 2021, with modest rate changes of approximately 1.5 percent for water and about 2 percent for sewer in 2017, 2019, and 2021. County finance 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 2015 budget for the Water and Sewer Renewal and Extension (R&E) Capital Fund is \$84.8 million. The County's Water and Sewer Capital Improvement Program (CIP) is a dynamic, forward-looking plan that balances 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 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 \$84.3 million in 2015, continue to support the R&E fund. More information on Water and Sewer capital projects can be found in Section VI.

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 2015, Stormwater Operating Fund expenses are expected to total \$31.1 million—an increase of \$11.8 million, or 61.6 percent, from the 2014 actual level of \$19.3 million, primarily due to an increase in transfers to the Stormwater Renewal and Extension Fund.

A total of \$20.5 million, or 65.9 percent of the 2015 adopted budget, is appropriated for a transfer to the Stormwater Renewal and Extension Fund to fund stormwater facility improvements.

In 2015, Stormwater Fund revenues are expected to total \$31.3 million—a slight increase of \$0.1 million from the 2014 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. 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. On January 1, 2012, a new rate resolution became effective that adjusted rates to meet the objective that one-third of the expenses for transit be funded by users of the system. In 2015, the County will add two daily express trips from the Indian Trail Park and Ride lot and restore Saturday bus services for local routes that were cut in the 2008 and 2010 service reductions.

In 2015, expenses of the Local Transit Operating Fund are expected to total \$8.9 million—an increase of \$1.2 million, or 16.2 percent, from the 2014 actual level of \$7.6 million.

In 2015, revenues of the Local Transit Operating Fund are expected to total \$8.4 million. The General Fund operating subsidy is expected to total almost \$5 million, and there is a planned use of net position of \$0.5 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 2015, expenses of the Solid Waste Operating Fund are expected to total \$42.2 million—an increase of \$2.4 million, or 6.2 percent, from the 2014 actual level of \$39.7 million.

In 2015, revenues of the Solid Waste Operating Fund are expected to total \$43.6 million—an increase of \$0.5 million, or 1.2 percent, from the 2014 actual level of \$43.1 million.



Airport Operating Fund

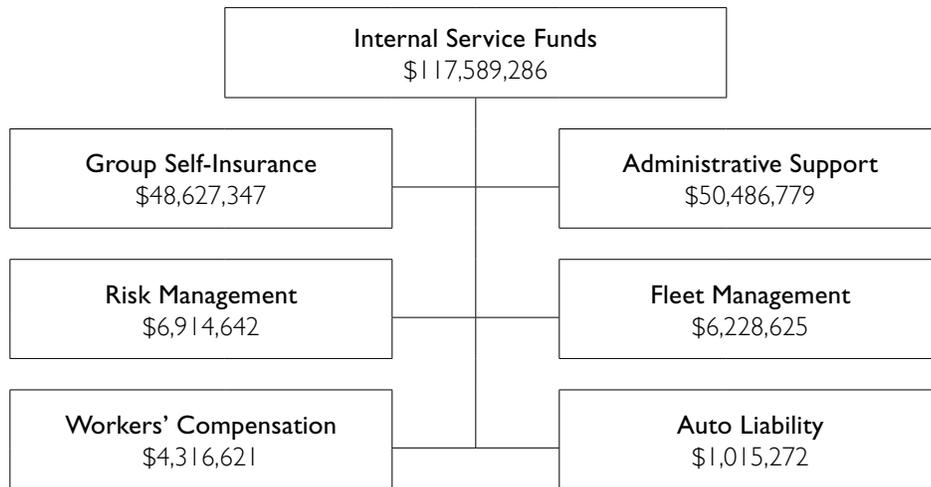
This fund accounts for the operation and maintenance of the County’s airport, Briscoe Field.

In 2015, expenses of the Airport Operating Fund are expected to total \$0.9 million, an increase of \$0.1 million or 16.4 percent from the 2014 actual level of \$0.8 million.

In 2015, revenues of the Airport Operating Fund are expected to total \$0.9 million, basically the same as 2014. There is a planned use of net position of \$87,444.

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 2015, expenses of the Administrative Support Fund are expected to total \$50.5 million—an increase of \$5.8 million, or 13.0 percent, from the 2014 actual level of \$44.7 million. The majority of this increase is due to budgeted salary adjustments.

In 2015, revenues of the Administrative Support Fund are expected to total \$40.9 million—a decrease of \$6.9 million, or 14.5 percent, from 2014 actual revenues. The majority of the decrease is due to the indirect cost plan being updated to reflect actual expenses, which is historically lower than budgeted expenses. There is a planned use of net position of \$9.6 million in 2015.

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 2015 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 2015, expenses of the Group Self-Insurance Fund are expected to total \$48.6 million—an increase of \$3.0 million, or 6.6 percent, from the 2014 actual level of \$45.6 million. The majority of this increase is a result of expected increases in health insurance costs.

In 2015, revenues of the Group Self-Insurance Fund are expected to total \$44.7 million—a decrease of \$4.2 million, or 8.5 percent, from 2014 actual revenues. There is a planned use of net position of nearly \$4 million in 2015.

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 2015, expenses of the Risk Management Fund are expected to total \$6.9 million—a decrease of \$8.6 million, or 55.4 percent, from 2014 actual expenses. In 2014, the Risk Management Fund made a one-time contribution to the Group Self-Insurance Fund of \$10 million.

In 2015, revenues of the Risk Management Fund are expected to total \$2.6 million—a decrease of \$1.3 million, or 33.0 percent, from 2014 actual revenues, primarily due to a decrease in the charges to other funds. There is a planned use of net position of \$4.3 million in 2015.

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.

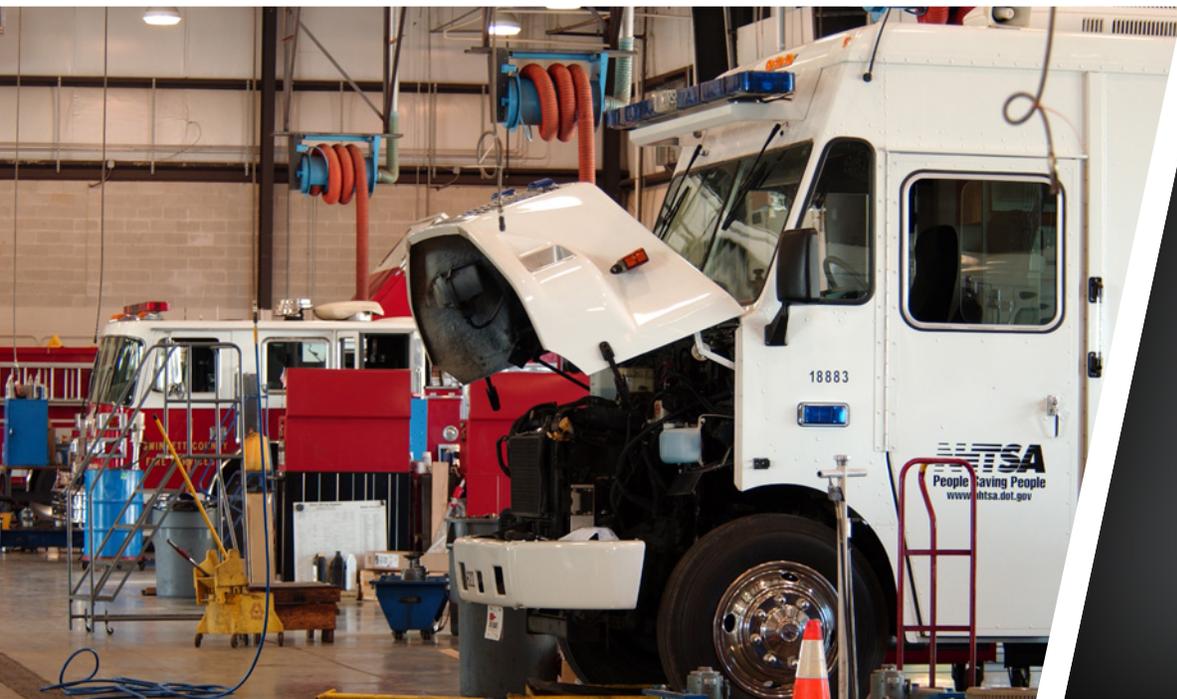
In 2015, expenses of the Workers' Compensation Fund are expected to total \$4.3 million—a decrease of nearly \$1.0 million from 2014 actual expenses. This decrease is partially due to a \$3.0 million one-time contribution to the Defined Benefit Pension Plan in 2014, offset by an increase in anticipated claims expense in 2015.

Revenues in the Workers' Compensation Fund consist primarily of charges to other funds. In 2015, revenues of the Workers' Compensation Fund are expected to total \$2.2 million—a decrease of \$1.9 million from 2014 actual revenues. There is a planned use of net position of \$2.1 million in 2015.

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

In 2015, expenses of the Fleet Management Fund are expected to total \$6.1 million—an increase of \$0.7 million from 2014 actual expenses.

In 2014, revenues of the Fleet Management Fund are expected to total \$6.2 million—an increase of \$0.3 million from 2014 actual revenues.



All Funds – 2015 Appropriations by Department (in thousands of dollars)

Department	Tax-Related Funds				Special Revenue Funds		Enterprise Funds		Internal Service Funds	Total
	General Fund	Fire and EMS District	Police Services District	Other Tax-Related Funds	Sales Tax Capital Projects Funds	Other Special Revenue Funds	Water and Sewer	Other Enterprise Funds	Internal Service Funds	
Clerk of Court	9,204	–	–	–	–	960	–	–	–	10,164
Clerk of Recorder's Court	–	–	1,551	–	–	–	–	–	–	1,551
Community Services Subsidies	20,550	–	–	–	–	–	–	–	–	20,550
Community Services – Elections	1,903	–	–	–	–	–	–	–	–	1,903
Community Services	5,573	–	–	32,976	32,343	–	–	–	–	70,892
Contingencies	–	–	–	436	–	–	–	–	–	436
Corrections	13,376	–	–	443	–	79	–	–	–	13,898
County Administration – BOC	721	–	–	–	–	–	–	–	–	721
County Administration	–	–	–	70	–	–	–	–	4,475	4,545
Debt Service – Governmental	–	–	–	6,142	–	–	–	–	–	6,142
District Attorney	11,814	–	–	154	–	749	–	–	–	12,717
Financial Services	8,206	–	–	–	(8,408)	–	–	107	15,835	15,740
Fire and EMS	–	94,274	–	431	16,147	–	–	–	–	110,852
Human Resources	–	–	–	666	–	–	–	–	56,304	56,970
Information Technology	–	–	–	4,115	–	–	124	79	22,328	26,646
Judiciary	17,622	–	–	–	–	–	–	–	–	17,622
Juvenile Court	6,415	–	–	24	–	58	–	–	–	6,497
Law	–	–	–	–	–	–	–	–	2,173	2,173
Loganville EMS	–	–	–	25	–	–	–	–	–	25
Non-Departmental	35,383	2,066	9,116	5,840	–	3,700	50	30	722	56,907
Planning and Development	837	583	694	6,474	–	10	1,197	492	–	10,287
Police Services	5,466	–	85,371	4,847	9,291	17,704	–	–	–	122,679
Probate Court	2,150	–	–	–	–	–	–	–	–	2,150
Recorder's Court	–	–	1,474	–	–	–	–	–	–	1,474
Sheriff	75,229	–	–	1,014	1,456	858	–	–	–	78,557
Solicitor General	3,590	–	751	–	–	666	–	–	–	5,007
Solid Waste	–	–	–	–	–	–	–	1	–	1
SPLOST Cities' Share	–	–	–	–	31,563	–	–	–	–	31,563
Stadium	–	–	–	–	–	2,679	–	–	–	2,679
Support Services	–	–	–	1,571	35,122	–	–	–	15,752	52,445
Support Services – Airport	–	–	–	–	–	–	–	45	–	45
Support Services – Solid Waste	–	–	–	–	–	–	–	43,621	–	43,621
Tax Commissioner	12,081	–	–	–	–	–	–	–	–	12,081
Tourism	–	–	–	–	–	7,618	–	–	–	7,618
Transportation	16,487	–	–	450	117,090	7,866	–	22,478	–	164,371
Water Resources	–	–	–	–	–	–	400,948	51,234	–	452,182
Total Appropriations	246,607	96,923	98,957	65,678	234,604	42,947	402,319	118,087	117,589	1,423,711

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 18 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 \$1.5 billion **2015 – 2020 Capital Improvement Plan** 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, and major expansions of the road system. SPLOST revenues have also funded the construction of public safety and parks and recreation facilities. More than \$2.7 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 bonds were rated AAA by all three rating agencies and are currently the only G.O. Bonds outstanding.

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, 2014, for Gwinnett County was \$2,554,156,000, providing a debt margin of \$2,547,963,000 (unaudited). The County currently uses 0.2 percent of the debt limit. At December 31, 2014, there was a total par amount outstanding of \$19,145,000 in G.O. Bonds.

The following table reflects the County's total outstanding amounts of G.O. debt as of December 31, 2014 (in thousands):

Year	Principal	Interest	Total
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
Total	\$ 19,145	\$ 1,942	\$ 21,087

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, 2014 (unaudited):

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

\$155,045,000	Series 2005	Issued 3/17/05
\$113,930,000	Series 2006	Issued 3/9/06
\$173,160,000	Series 2008	Issued 8/21/08
\$211,030,000	Series 2009	Issued 10/22/09
\$153,110,000	Series 2011	Issued 7/1/11

The total annual debt service requirements on outstanding revenue bonds as of December 31, 2014, including interest, are as follows:

(in thousands)

Year	Principal	Interest	Total
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	53,520	24,603	78,123
2020 – 2024	305,445	85,173	390,618
2025 – 2029	187,340	21,777	209,117
Total	\$ 806,275	\$ 258,374	\$ 1,064,649

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 service requirements and for ongoing water and wastewater capital needs. A Water and Sewer Rate Resolution approved in December 2014 increased water and sewer rates over a period of five years beginning January 2017. Over the five-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 by 4.7 percent from \$88.52 in 2015 to \$92.66 in 2021.

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.



Other outstanding debt amounts as of December 31, 2014, are as follows (unaudited):

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

Year	Principal	Interest	Total
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	2,876	1,076	3,952
2020 – 2024	15,747	4,015	19,762
2025 – 2029	16,659	1,495	18,154
2030 – 2032	1,909	46	1,955
Total	\$ 47,871	\$ 11,761	\$ 59,632

The total annual requirements on all outstanding debt as of December 31, 2014, including interest, are as follows (unaudited):

(in thousands)

Year	G.O.	Water & Sewer	GEFA	Total
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	4,254	78,123	3,952	86,329
2020 – 2024	–	390,618	19,762	410,380
2025 – 2029	–	209,117	18,154	227,271
2030 – 2032	–	–	1,955	1,955
Total	\$ 21,087	\$ 1,064,649	\$ 59,632	\$ 1,145,368

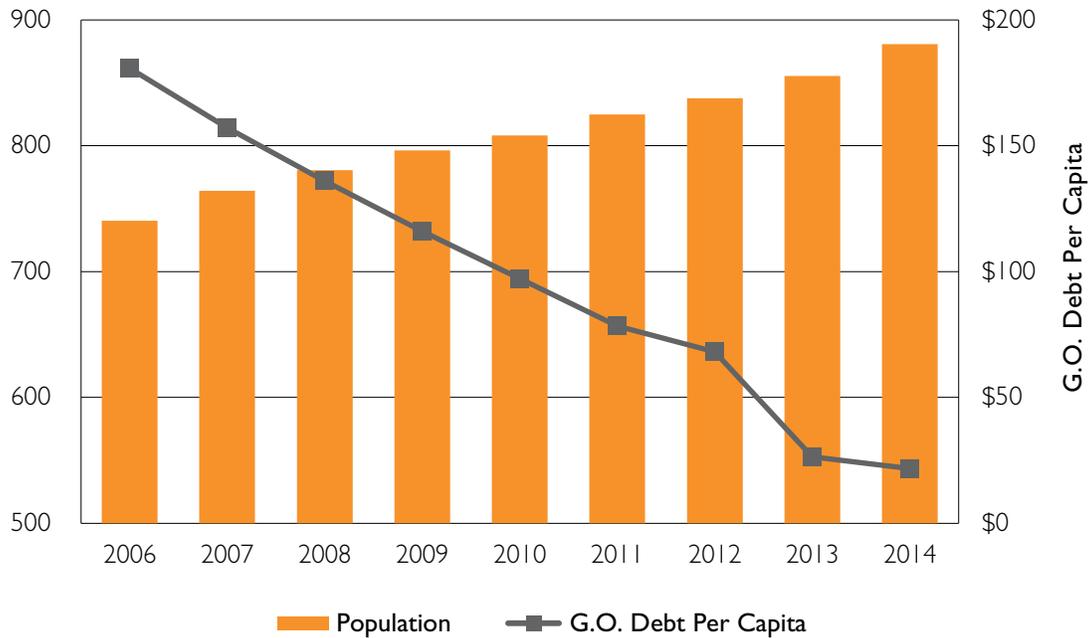
The total annual debt requirement for 2015 is 9.9 percent of the total operating budget of \$1.05 billion, resulting in total operating appropriations less annual debt of \$948 million.

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 2015 (all debt categories) is approximately \$105 million. Currently, estimated G.O. debt service per capita averages nearly \$22 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.

In September and October 2014, the Gwinnett Water and Sewerage Authority and the Gwinnett Board of Commissioners approved resolutions allowing the authority to move forward with refunding the callable maturities of the 2005 Water and Sewerage Revenue bonds on a forward/delayed delivery basis. The agenda item awarded the transaction to Citigroup (as the placement agent)/JP Morgan Chase (as the purchaser of these bonds). The date of issuance for these bonds will be August 1, 2015. The interest rate was set at 1.74 percent and the present value savings is \$9.2 million. The debt service savings will begin in 2016.

In November and December 2014, the Gwinnett Water and Sewerage Authority and the Board of Commissioners, respectively, approved resolutions allowing the authority to move forward with refunding the callable maturities of the 2006 Water and Sewerage Revenue bonds on a forward/delayed delivery basis. The agenda item was awarded to Wells Fargo as they offered the lowest true interest rate of 2.36 percent, and the greatest present value savings of \$13.2 million. The date of issuance for these bonds will be August 1, 2016. The debt service savings will begin in 2017.

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.