



Gwinnett

# 2018

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended December 31, 2018

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**GWINNETT COUNTY**  
GEORGIA

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Gwinnett

GWINNETT COUNTY, GEORGIA





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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended December 31, 2018

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### BOARD OF COMMISSIONERS

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**Charlotte Nash**  
*Chairman*



**Jace Brooks**  
*District 1*



**Ben Ku**  
*District 2*



**Tommy Hunter**  
*District 3*



**Marlene M. Fosque**  
*District 4*

Prepared by: Department of Financial Services and the Communications Division

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# INTRODUCTORY SECTION

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GFOA Certificate of Achievement  
Gwinnett County Organizational Chart  
County Administration/Department Directors  
Elected and Judicially Appointed Officials  
Department of Financial Services Organizational Chart  
Accounting Division*



DEPARTMENT OF FINANCIAL SERVICES  
OFFICE OF THE DIRECTOR

75 Langley Drive | Lawrenceville, GA 30046  
(O) 770.822.7820 | (F) 770.822.7818



June 20, 2019

Dear Residents, Stakeholders, Chairman, and Members of the Board of Commissioners of Gwinnett County:

Georgia state law requires that every general-purpose local government publish a complete set of audited financial statements within six months of the close of each fiscal year. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report ("the CAFR") of Gwinnett County, Georgia ("the County") for the fiscal year ended December 31, 2018.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in the report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient and reliable information for the preparation of the County's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Mauldin & Jenkins Certified Public Accountants, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended December 31, 2018, were free of material misstatement. The independent audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded the statements were fairly presented in conformity with GAAP and issued an unmodified opinion. The independent auditor's report is presented as the first component of the financial section of the report.

The independent audit of the County's financial statements was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The reports are available in the CAFR under the heading [Single Audit Section](#).

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The MD&A contains a narrative overview and analysis of the financial activities of the County. Gwinnett County's MD&A can be found on pages 23 – 38 immediately following the independent auditors' report. This transmittal letter, which is designed to assist users in assessing the government's financial condition, should complement the MD&A.



The financial statements contained in this report were impacted by several major budgetary initiatives. With a focus on safety and quality of life, the 2018 budget included funding to maintain core services such as the jail, courts, police and fire protection, roads, transit, and water, as well as funding additions for new and ongoing initiatives reflective of the County's priorities set by the Board of Commissioners. The priorities include mobility and access, livability and comfort, strong and vibrant local economy, communication and engagement, smart and sustainable government, and safe and healthy community. Refer to the "[Economic Factors and Next Year's Budgets and Rates](#)" write-up on pages 37 – 38 for additional information on 2018 budget initiatives compared to 2019 budget initiatives.

Gwinnett County's reserve policies continue to impact the development of the annual budget. Separate reserve policies are in place for the General Fund, Special Revenue Funds, and Enterprise Funds. More information on the County's reserve policies can be found in the 2019 Budget Document (pages II:64 – II:65), which is available online at [www.gwinnettbudget.com](http://www.gwinnettbudget.com). Also see [Note 1 \(O. Fund Balance\)](#) on pages 64 – 65 of this report.

Cost savings measures, such as requiring justification for specific commitment items and continuing the 90-day job vacancy policy, remained priorities in 2018. The County's policy of holding vacant positions unfilled for at least 90 days had a \$7.4 million positive impact on the financial statements in this document.

The year 2018 was a milestone year for Gwinnett County, marking 200 years since the County was established. We entered our bicentennial year with a new brand that captures modern Gwinnett. The new logo resembles a colorful kaleidoscope that symbolizes Gwinnett County as a great place to live, to have a business, to experience diversity, to have fun, to raise a family, and to retire. The pioneering spirit and the decisions made by County leaders and residents over the last 200 years have led to the Gwinnett of today. From our humble beginnings as a small, agrarian community in 1818, Gwinnett has grown to be the second largest county in the state of Georgia. In the 200 years since our founding, we remain a community of pioneers with many of our residents having come from across the U.S. and from around the globe, seeking opportunity and prosperity.



# PROFILE OF THE GOVERNMENT

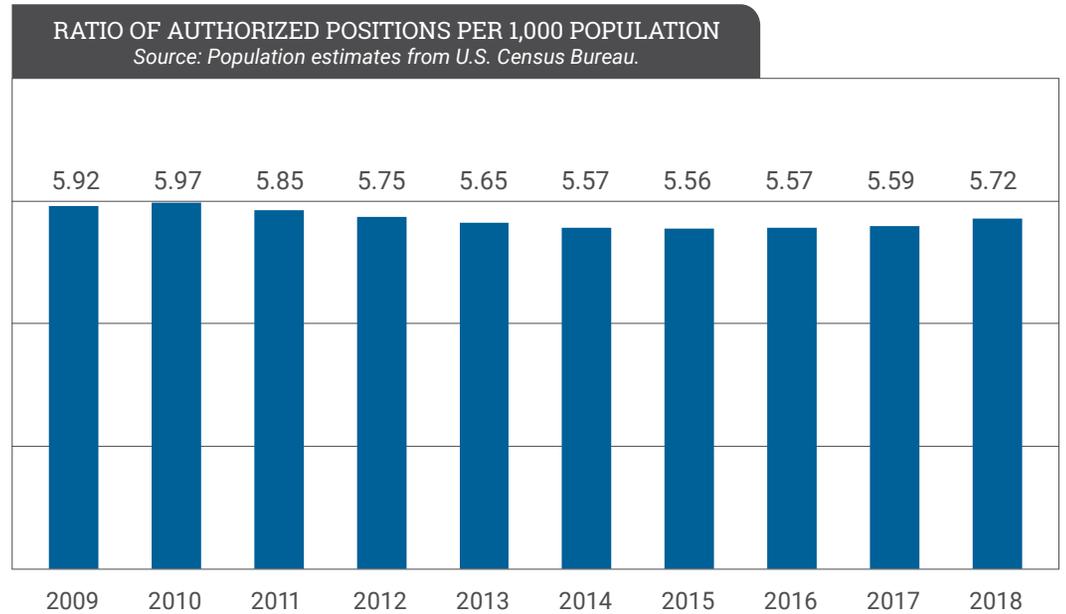
Gwinnett County is a world class residential, business, and tourist destination that was named for Button Gwinnett, one of Georgia's three signers of the Declaration of Independence. The Georgia legislature created Gwinnett County on December 15, 1818.

Gwinnett County is known as the northeast gateway to the metropolitan Atlanta area, with Interstate 85 running generally north/south through the county. Located in close proximity to the Hartsfield-Jackson Atlanta International Airport, the busiest airport in the world, the county is located within a two-hour flight from 80 percent of the United States' population. There are 16 incorporated municipalities within Gwinnett County's 437 square miles.

## Population

According to estimates released by the U.S. Census Bureau in April 2019, Gwinnett County's population was estimated at 927,781 in 2018. Gwinnett's talented labor force, premier schools, rich cultural diversity, award-winning parks and recreation facilities, and affordable real estate continue to attract many businesses, newcomers, and visitors to the area. Gwinnett added an estimated 9,628 residents from July 1, 2017 to July 1, 2018, a growth rate of approximately 1 percent. According to estimates by Woods & Poole released June 2019, the County's population is expected to reach one million by the year 2022.

Gwinnett County faces an ever present challenge of maintaining service levels with a growing population. Even as the economy slowed, the county's population continued to grow. For many years, the county added thousands of new residents, resulting in greater demand for services with fewer available resources. From 2010 to 2018, the county's population grew approximately 15 percent while County staff increased by 10 percent.



## Government Structure and Services Provided

The County's governing authority consists of a five-member Board of Commissioners, including a full-time chairman elected at-large and four part-time commissioners elected within districts. The County Administrator reports to the Board of Commissioners and manages the County's daily operations. The County also has 23 other elected officials, eight judicially-appointed officials, and seven retired senior judges. A complete list is located on [page 17](#).

The County government provides traditional county services, such as road construction and maintenance; court-related functions; police, fire, emergency medical services, solid waste, parks and recreation, water, sewer, and stormwater services.

## Bond Rating

Gwinnett County has maintained AAA bond ratings from all three rating agencies since 1997. The triple-AAA rating validates Gwinnett's strong financial position, with sound General Fund reserves and excellent long-term financial planning strategies. Out of approximately 3,000 counties in the United States, fewer than 50 counties have achieved such a strong credit rating. The County's excellent credit rating has resulted in significant interest savings for Gwinnett residents and enabled the County to implement a strong capital improvement program.

# ASSESSING THE COUNTY'S ECONOMIC CONDITION

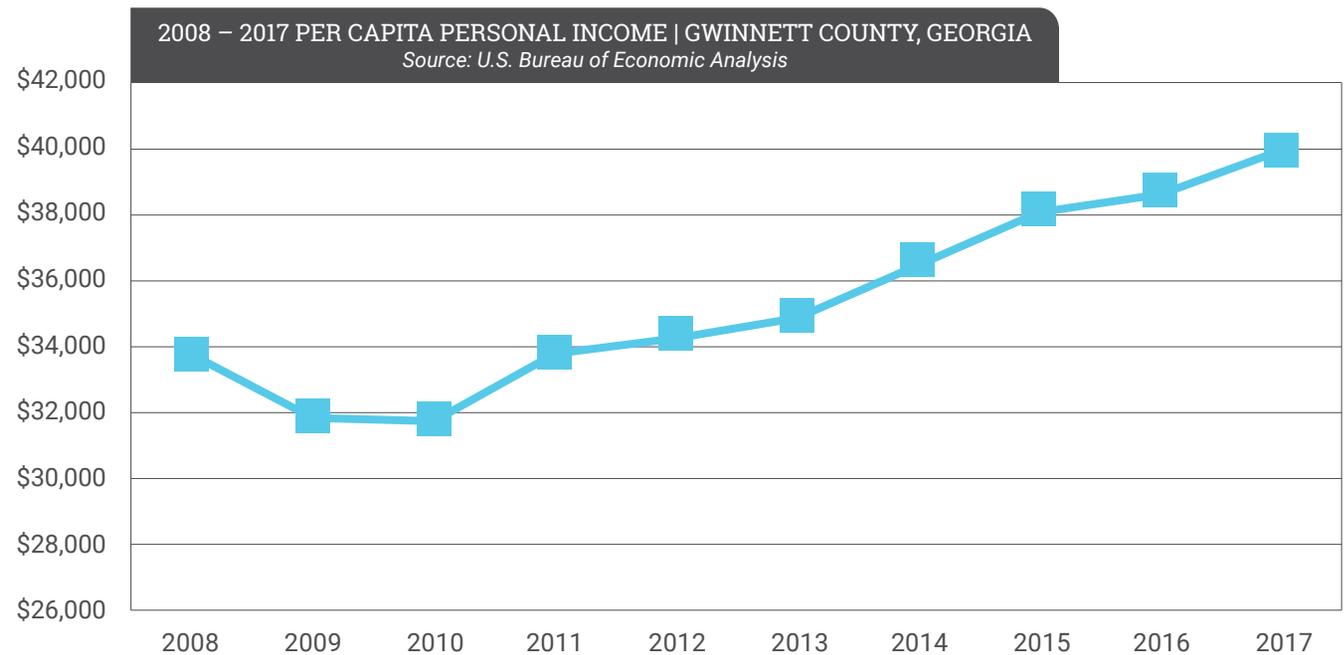
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

## Local Economy

Gwinnett County is operating in a period of expansion where the broader economy is helping drive growth. Gwinnett's population has increased nearly 6.5 percent in the last five years and is expected to reach 1 million by the year 2022. This growth is one of the greatest catalysts for economic development. Improving home values, increasing construction activity, and ample job opportunities are helping contribute to both population growth and economic growth.

The current economic landscape offers a competitive labor environment characterized by job growth, low unemployment rates, and increasing wages. According to the Georgia Department of Labor, Gwinnett County had an unemployment rate of 3.5 percent in 2018, which was lower than the Atlanta Metropolitan area (3.8 percent), the state (3.9 percent), and the United States (3.9 percent). The talented workforce and quality of life Gwinnett County offers continues to attract businesses to the area, and this has resulted in a strong and competitive labor market. According to the Georgia Department of Labor, Gwinnett County's labor force grew more than 11 percent from 2013 to 2018. According to the U.S. Bureau of Labor Statistics, Gwinnett County achieved employment growth of 1.8 percent from June 2017 to June 2018. Businesses are relocating or expanding their operations in Gwinnett through programs like Partnership Gwinnett, a public-private initiative spearheaded by the Gwinnett Chamber that is committed to job creation and retention, professional development, and education. In 2018, Partnership Gwinnett won 15 projects resulting in 1,595 new jobs. The county's growing tourism industry has also had a significant impact, creating more than 13,000 jobs and providing more than \$1.3 billion in economic impact in 2017, according to the U.S. Travel Association. Gwinnett residents would have to be taxed an additional \$335 per year to replace taxes generated by economic activity.

Per capita personal income, a measure of standard of living, is another useful indicator of the County's economic well-being. Per capita personal income is the average income earned per person in a given area in a specified year. From 2008 to 2010, Gwinnett County residents saw their incomes decline. In 2011, per capita personal income began to improve, and this upward trend has continued, exceeding 2007 (pre-recession) levels by 2013. According to the Bureau of Labor Statistics, Gwinnett County had a per capital personal income of \$39,947 in 2017, an increase of 3.4 percent over 2016.



## Long-Term Financial Planning and Economic Development

The Gwinnett County vision provides the overarching framework for strategic and operational decision making. The vision provides the continuity necessary to execute both short- and long-term policy and resource decisions.

**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.*

This vision serves as the foundation for the County's formal Long-Term Financial Planning (LTFP) Policy, which was adopted by the Board of Commissioners in 2012 and amended in 2017. The policy ensures ongoing financial sustainability beyond a single fiscal year budget cycle. The 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.

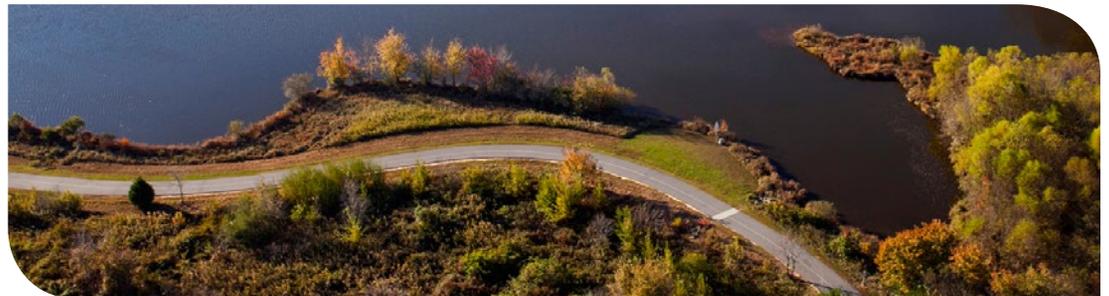
The LTFP Policy is a constantly changing and evolving document that is routinely updated and presented on an ongoing five-year rolling basis. The policy is incorporated into the County's Business Planning Process and presented to the Chairman, the Board of Commissioners, and staff throughout the formulation of the annual budget. The LTFP Policy is intended to help the County achieve the following:

1. Ensure the County can 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 Policy forecasts revenues, expenditures, and financial position at least five years into the future or longer where specific issues call for a longer time horizon. County staff regularly look for and implement 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.

In addition to the LTFP Policy, the County has developed other long-term planning tools to help meet its vision. Some of these tools include:

- 2030 Unified Plan (replaced by the 2040 Unified Plan in February 2019)
- Comprehensive Transportation Plan
- Comprehensive Transit Development Plan
- Water and Wastewater Master Plan
- Comprehensive Parks and Recreation Master Plan
- Open Space and Greenway Master Plan
- Countywide Trails Master Plan
- Solid Waste Management Plan



The Board of Commissioners adopted the [2030 Unified Plan](#) in February 2009, and it was replaced with the newly adopted [2040 Unified Plan](#) in February 2019. The state of Georgia mandates that a Unified Plan be re-written every 10 years. The 2040 Unified Plan was crafted after months of public input from stakeholder meetings, open house information sessions across the county, intercept interviews at parks, and surveys. The plan contains analysis, policies, maps, and proposals to help guide progress and development countywide on multiple fronts through 2040. The Unified Plan provides a blueprint of how the County's residents and other stakeholders would like to see Gwinnett grow and develop over the next 22 years. It affords the County an opportunity to review conditions in the community, anticipate future needs, and establish short-term and long-term goals. The plan, developed by consulting firm Pond & Co., traces Gwinnett's history, covers the results from public input sessions, incorporates demographic trends, and inventories the county's infrastructure, community amenities, land use, and built environment. It establishes a vision taking into account the County's needs and opportunities and incorporates five themes: Maintain Economic Development and Fiscal Health, Foster Redevelopment, Maintain Mobility and Accessibility, Provide More Housing Choices, and Keep Gwinnett a Preferred Place. Plans incorporated into the 2040 Unified Plan include the County's recently approved Comprehensive Transportation Plan, Connect Gwinnett: Transit Plan, Countywide Trails Master Plan, and water and sewer plans.

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 prior CTP was developed in 2007 – 2008. The County completed the update to the CTP named Destination2040 in 2017.

In 2018, the County completed a [Comprehensive Transit Development Plan](#) called Connect Gwinnett: Transit Plan. This plan relied upon extensive public outreach and data analysis to identify potential new markets and underserved areas as well as forecast growth corridors. The Connect Gwinnett: Transit Plan developed short, mid, and long-term phases with future transit service enhancements being based on the recommendations of the plan.

The Gwinnett County **Water and Wastewater Master Plan**, adopted in 2018, is fully aligned with the 2040 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 2040, 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.

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 920,000 today. 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**, supported by the 2017 Update of the Gwinnett County Parks and Recreation Capital Improvement 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 shops. Walking consistently ranks as the most popular recreational activity for Gwinnett's residents and is one of the healthiest activities. The **Open Space and Greenway Master Plan**, amended by the Open Space and Greenway Master Plan Update, comprehensively explores open space acquisition, the development of a county greenway system, as well as administrative, management, and funding analysis. In conjunction with the greenway master plan, a **Countywide Trails Master Plan** was adopted in 2018 to ensure the connectivity of city and county trails to each other for a countywide map of existing and future trails. The Countywide Trails Master Plan was a collaborative effort between the Gwinnett County Department of Transportation (DOT) and the Gwinnett County Department of Community Services as well as the cities and Community Improvement Districts (CIDs) across the county. The plan provides a high-quality network of trails to give the community an innovative way to travel across the county and a place to exercise and socialize with family, friends, and neighbors. It will be used as a guide to increase biking and walking options for transportation as well as recreational opportunities. Additional information about [Parks and Recreation Master Planning](#) is available on Gwinnett County's website.

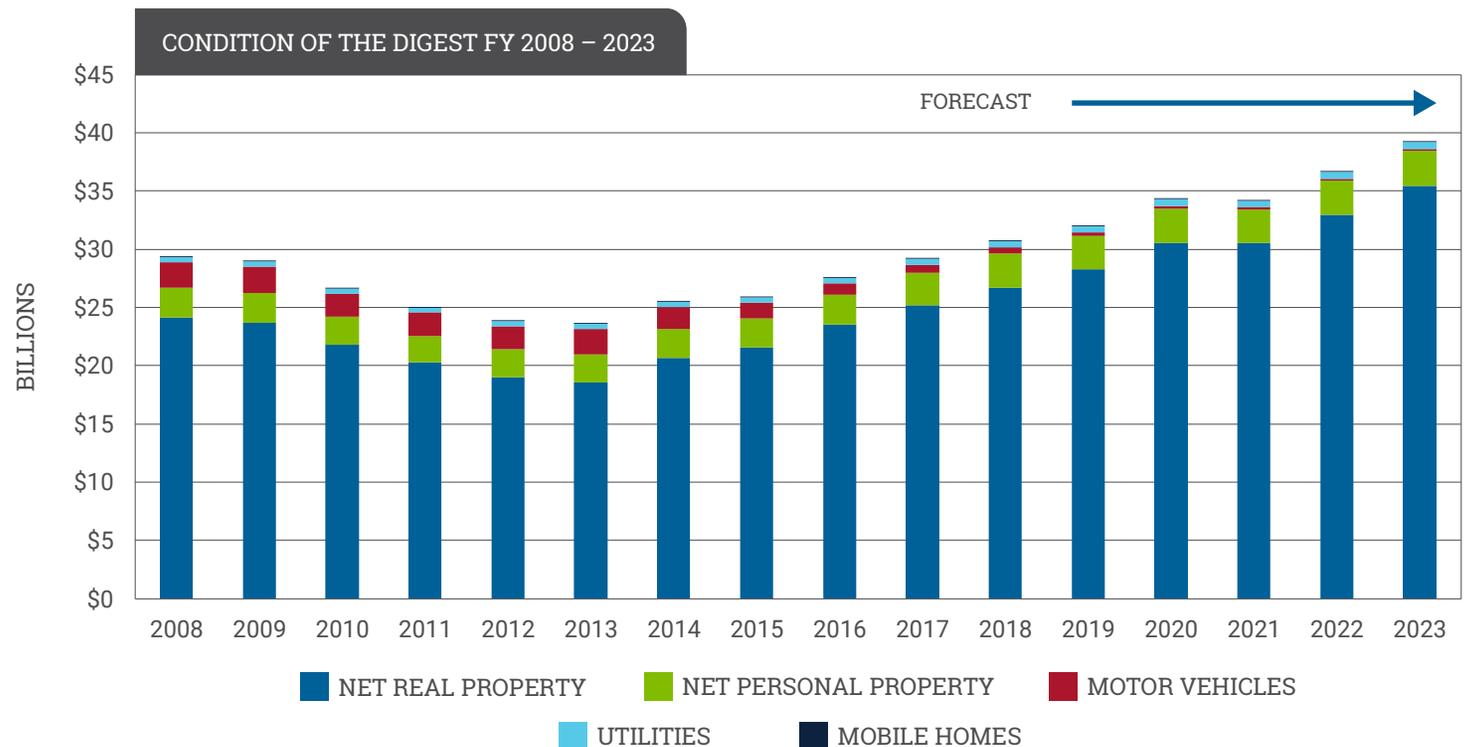
The [Solid Waste Management Plan](#) was last amended in 2008 after an intensive 16-month study undertaken by national solid waste experts and an extensive stakeholder participation process in which more than 5,000 local residents participated. The plan update addresses provisions that were required 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.

### Property Taxes and the Condition of the Tax Digest

Property taxes are an extremely important revenue source for the County. More than one-third (34.5 percent) of the total revenue for all operating funds and nearly three-quarters (73.0 percent) of the revenues for the tax-related funds are derived from property taxes. Property taxes provide most of the funding in the General Fund for County operations and in the Recreation Fund for park operations and maintenance. Property tax revenues are also used to pay for voter-approved debt for the Detention Center and for service districts such as police, fire, and emergency medical services.

The amount of property tax revenue is based on the size of the tax digest and the millage rate. Prior to 2008, Gwinnett County experienced the benefits of a growing tax digest, which is the total value of all taxable property as determined by the Tax Assessor. County government was able to roll back the millage rate several times between 2003 and 2008, providing property tax relief while still having increasing revenues to meet community needs. But in 2008, the growth began to decline and between 2008 and 2013, the County experienced more than a 20 percent drop in the digest. This loss in value was the result of housing and economic conditions (namely, increased foreclosures, decreased construction, and the freeze in assessments). After five years of decline, the year-over-year change from 2013 to 2014 was positive, and this positive trend has continued. Due to improving home values and increasing construction activity, the tax digest has grown at an average of nearly 5.8 percent per year over the last three years and is now above its pre-recession level. As a result of the digest growth, the millage rate was rolled back from a rate of 13.51 mills in 2017 to 13.319 mills in 2018.

Since the inception of title *ad valorem* taxes (TAVT) in the spring of 2013, motor vehicle *ad valorem* taxes are being phased out and currently have a negative effect on the total digest growth as citizens transition from the old method of paying sales and use taxes and the annual *ad valorem* tax (the birthday tax) on newly purchased vehicles to paying a one-time title fee/tax based on the fair market value of the vehicle at the time a title is transferred. From 2017 to 2018, there was a decrease of \$1.4 million, or 18.1 percent, in motor vehicle *ad valorem* tax revenue. The County has received revenue from TAVT to make up for this loss. Despite the decline in motor vehicle *ad valorem* taxes, growth in the overall countywide digest is expected to continue in the coming years.



## **Rising Health Care Costs**

Gwinnett County continues to place a strong emphasis on the overall health and well-being of its employees. As the cost of health care continues to rise, the County has shifted its focus to a more preventive approach to health care, encouraging employees to take an active role in their health through participation in The Gwinnett County Wellness Program. Through interactive programs and challenges, biometric screenings, wellness assessments, wellness coaching, including an on-site wellness advocate, and educational lunch and learns, employees can understand their health risks and are encouraged to lead healthy, balanced lifestyles. To encompass a comprehensive wellbeing, the County also provides an on-site Employee Assistant Program and retirement counseling.

The Wellness Program continues to benefit employees and provides a way for the County to encourage healthy habits. Employees who participate in The Wellness Program qualify for a reduction in medical premiums. The County contributes to employee's Health Savings Accounts and Health Reimbursement Arrangements based on Wellness Program participation. This is effective for encouraging healthy behavior. In 2018, more than 88 percent of eligible employees and 77 percent of spouses participated in the Wellness Program.

Gwinnett County continues to monitor the effectiveness of its health plans and funding structures. With changing regulations, the County will need to be proactive to manage the plans and provide quality healthcare to employees and retirees. Sharing the costs with the employees and retirees has proved successful in managing costs. This strategy provides employees with choices and offers an opportunity to adjust coverage and costs. It also offers the same level of support for each plan and tier and makes it easier to share increases in health insurance premiums between the employer and the employee.

The Gwinnett County Employee Wellness Center is another step the County has taken to help control costs from both the self-insured and fully-insured plans. During 2018, employees, retirees, and dependents visited the Wellness Center for almost 7,000 appointments.

The County's costs continue to increase, as do health care costs for most employers nationwide. Employee and employer costs increased by 2 percent for the 2019 renewals, an increase that is below the national average. As a part of the ongoing strategy to control long-term costs, the County continued an incremental decrease to its subsidy for dependents. An additional cost-saving measure was taken related to high-tech radiology scans, a significant cost-driver on the self-funded plan. This concierge service has been added for 2019, which enables members to schedule services such as MRI, PET, and CT scans at high-quality, lower cost facilities.

## **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. In 2015, the Retirement Plan Management Committee decreased the DB plan's assumed rate of return and extended the amortization period by five additional years. These changes increased the plan's unfunded liability, but decreased the plan's dependence on market returns.

More details are in [Notes 12](#) and [13](#) of the Notes to Financial Statements.

## **Environmental Sustainability**

Gwinnett County launched the Gwinnett Environmental Sustainability Program in 2009 to enhance efficiency in the use of valuable resources and reduce the impact of local government operations on the environment. This environmentally friendly initiative promotes protection and restoration of the community's natural resources through water and energy conservation and reduction in air pollution and waste. The Department of Planning and Development contributes to the Environmental Sustainability Program through the development and implementation of the following policies: Community Electric Vehicle Ready Policy, Community Energy Code Enforcement Policy, Community Green Building Incentive Policy, Community Outdoor Lighting Efficiency Policy, Community Revitalization Incentives Strategy Policy, Community Shade Coverage Requirements Policy, Community Shared & Reduced Parking Policy, Community Smart Growth Incentive Bonuses Policy, and Community Solar Energy Incentive Policy. For more information about these policies, see the [Environmental Sustainability](#) page on the County's website.

In 2018, Gwinnett County became the first county in the region to earn Gold certification as a Green Community by the Atlanta Regional Commission. The certification recognizes the County for leadership in implementing policies and practices that contribute to the efficient and sustainable use of resources in metro Atlanta.

Some of the efforts Gwinnett County made towards environmental sustainability in 2018 include the following:

- LEED certification was achieved by the Medical Examiner’s Office and Morgue, and the City of Lilburn Branch Library and City Hall.
- Gwinnett County Central Services and Gwinnett County Fleet Management facilities were retrofitted for LED lights.
- Adopt-a-Road volunteers cleaned up 141,743 pounds of litter from 250 roads.
- Great Days of Service collected 11,000 pounds of litter.
- Three countywide recycling events collected 43 tons of paper; 23 tons of electronics; 13 tons of tires; 10,298 gallons of latex paint; 1,254 gallons of oil based and flammable paint; 89 pairs of sneakers; 2,119 pounds of textiles; and 484 toner cartridges.
- Clean and Beautiful and Water Resources removed 14,000 pounds of litter and trash from streams and surrounding County property at two events.

### **Capital Improvement Program**

Maintaining and expanding the County’s infrastructure – including water, sewer, recreation, transportation, criminal justice, and public safety – remains a high priority. The Capital Improvement Program captures and coordinates the needs and plans of all County departments. A Capital Improvement Plan (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. Each year County staff develops a six-year, long-range CIP that describes and prioritizes the capital projects the County intends to undertake.

### **Internal Controls**

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

Gwinnett County has implemented additional internal controls through the development of formal financial policies. The County operates under the following financial policies:

- Accounting and Financial Reporting Policy
- Long-Term Financial Planning Policy
- Operating and Capital Budget Policy
- Business Expenditure Policy
- Investment Policy
- Capital Asset Investment and Management Policy
- Debt Management Policy
- Reserve Policies for the General Fund, Special Revenue Funds, and Enterprise Funds

Additional information about the financial policies listed above is available in the [2019 Budget Document](#) (pages II: 38 – 65) located on the County’s website.



The [Code of Ethics](#) is also a critical part of the County's internal control efforts. The County adopted and distributed a new countywide *Code of Ethics Ordinance* in late 2011. All employees and elected officials completed training on the new ordinance in 2012. The ordinance requires that every official and employee receive training within one year of their hire date, appointment, or swearing in, as well as every two years thereafter.

### Budgetary Controls

No later than December 1 of each year, the Chairman of the Board of Commissioners submits a proposed budget for the ensuing calendar year for each County fund. The Board reviews the document, meets the legal requirements for advertising the budget and for holding public hearings, and then adopts the annual financial plan at the first regularly-scheduled Commissioner meeting of the year.

Sound financial management and legal compliance require effective budget controls. State statutes require the County to operate under an annual balanced budget adopted by local resolution or ordinance. A budget ordinance or resolution is balanced when the sum of the estimated revenues and appropriated fund balances/net position is equal to appropriations. By law, expenditures may not exceed appropriations at the department level, within each fund. An automated funds-availability verification process provides operational control of departmental budgets. More details are in [Note 2](#) of the Notes to Financial Statements.

### Internal Audit

The Office of Internal Audit provides independent, objective assurance and management advisory services that are designed to improve the County's operations. Internal Audit helps the Board of Commissioners, Elected Officials, and Management accomplish their objectives by bringing a disciplined approach to evaluate the effectiveness of risk management, control, and governance processes. This is accomplished primarily through compliance, operational, financial, and information system audits for all Gwinnett County departments and offices.

### Strategy and Performance Management

The Management Framework is the overarching structure of strategic and performance management within the County. There are six parts, which include Engagement, Priorities, Strategies, Tactics, Operations and Results. The Management Framework will aid in achieving the County's priorities by defining how we will approach them, the decisions we will make within that approach to enable action, and the specific actions we will take to get results and ultimately produce value. It also ties each of those steps together through performance management so that we can measure our success, make more informed decisions, and target resources to areas that need the most improvement.

**Engagement – Commitment** – The continuous interaction between the organization and stakeholders resulting in the development of desirable and measureable improvement solutions.

**Priority – Intent** – Broad statements of intent that cascade down and guide decisions at all levels of the organization.

**Strategy – Approach** – The approach needed to narrow the scope of priorities into actionable decisions that propel the organization forward.

**Tactic – Decision** – Means by which a strategy is carried out; planned and ad hoc decisions meant to deal with the demands of the moment, and to move from one milestone to another in pursuit of the overall strategy.

**Project/Initiative** – A planned work or activity that is finished over a period of time and intended to achieve a particular tactic.

**Operation – Action** – The functions, processes, or tasks affected by the tactic (decision).

**Result – Value** – The measurable outcomes of operations taken in order to produce value.



# ACCOMPLISHMENTS

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Gwinnett County was able to accomplish many objectives throughout the year as a result of visionary leadership supported by long-term planning, community collaboration, flexibility, and the willingness to take action. Some of the accomplishments that align with the County's vision include:

## *"Enjoy essential economic opportunities"*

Gwinnett County has been a top job creator in metro Atlanta for the past decade offering an economic environment characterized by strong job growth, low unemployment, and plentiful business opportunities. Gwinnett County caters to domestic and international businesses of all sizes. The County's robust economy, skilled workforce, and diverse, growing population has attracted many businesses to relocate or expand their operations in Gwinnett. Businesses and their employees residing in Gwinnett are afforded a lower cost of living compared to other areas, a moderate climate, and numerous recreational opportunities. Gwinnett County also offers easy access to major interstate highways such as I-75, I-85, and I-20 with proximity to Hartsfield-Jackson International Airport. The County makes efforts to ensure companies continue to be satisfied with their Gwinnett location, expand their presence in the county, and grow additional local economic opportunities.

Gwinnett County has attracted more than 600 internationally-based companies looking to advance in the global marketplace. Carcoustics, a German company and automotive supplier, announced in 2017 that it is investing \$6 million in a new Buford facility over a five-year period. The investment is expected to create 200 jobs and will include manufacturing positions. Carcoustics will be joining almost 100 other German companies that operate in the county. In March 2018, the Swiss manufacturing company, Gezolan, selected Gwinnett County to expand its U.S. operations. The Switzerland-based manufacturer makes rubber granules used in rubber flooring. Plans include opening a 60,000-square-foot facility in Buford off Hamilton Mill Road and an investment of \$12 million. Gezolan's sister company, Kraiburg, TPE, has been located in Buford for the past 15 years.

In June 2018, TTEC, a customer experience technology and services provider, announced plans to open its first Georgia customer engagement center in Gwinnett. Plans are to open in an existing facility on Breckinridge Boulevard in Duluth. Assurant, which provides risk management products and services, opened a tech support center in Duluth in May 2018. Late in 2018, Hapag-Lloyd, the fifth largest shipping company in the world, announced plans to expand its Gwinnett operations with a \$5.5 million investment over two years and the creation of 363 new jobs.

## *"Safe neighborhoods"*

The Gwinnett County Police Department (GCPD) has an authorized strength of 879 sworn officers supported by 292 non-sworn employees. GCPD is committed to providing quality public safety for residents and businesses. The department has attained accreditation from the Commission on Accreditation for Law Enforcement Agencies, Inc. since 1993. Approximately 5 percent of more than 18,000 law enforcement agencies nationwide enjoy this prestigious recognition. First in 2013 and again in 2016, GCPD is one of the few police agencies nationwide to receive the Accreditation with Excellence Award, the highest level of accreditation. In 2018, GCPD responded to 510,630 incidents and reached a homicide clearance rate of 86 percent, which beats the national average of 60 percent. Thanks to the commitment of GCPD, 95 percent of residents surveyed reported feeling safe in their neighborhoods in 2018.

The County continues to place a strong emphasis on maintaining adequate staffing levels to serve a growing service population and keep the community safe. Gwinnett's commitment to public safety was shown during the 2018 budget process when 65 new police officer positions were added. Of the 65 new police officer positions, 35 will be used to staff a new Bay Creek Police Precinct currently under construction. The County's dedication to public safety continued with the recently adopted fiscal year 2019 budget, which has added an additional 30 police officer positions.

The Gwinnett County Police Department has a Crime Prevention Unit which focuses on crime reduction and prevention as well as educational and safety programs based on community needs. Crime prevention duties include speaking to various groups on crime prevention methods, distributing crime prevention literature, staffing information booths, alerting victims on how to best avoid future victimization, developing crime prevention materials for use by the media, and developing or maintaining liaisons within neighborhood C.O.P.S. (Community Oriented Police Service) groups. In 2018, 1,079 crime prevention programs were taught to 44,332 residents.

### *"Plentiful greenspace and recreational facilities"*

Gwinnett County Parks and Recreation (GCPR) offers award-winning parks and leisure activities year-round to Gwinnett County residents. GCPR operates 51 parks and facilities that include 183 multi-purpose sports fields, 59 tennis courts, 41 outdoor basketball courts, 24 sand volleyball courts, five year-round and seven seasonal aquatic facilities, 24 dog park areas, 183 miles of trails, eight skate complexes, 75 playgrounds, picnic areas, pavilions, fishing lakes, and more. In 2018, GCPR offered 7,794 classes, summer camps, and special events with 89,056 participants enrolled in recreation activities.

Gwinnett County continues to place a high priority on greenspace, as well as active and passive park land. As of 2018, Gwinnett parkland totaled 9,908 acres for both passive and active parks. Natural and cultural resources took on a renewed focus with the addition of management and staff to support environmental conservation, stewardship of public lands, and historic restoration and programming. The dedication to restore Gwinnett's historical buildings and areas can be seen while visiting one of the historic preservation projects such as McDaniel Farm Park, Isaac Adair House, Freeman's Mill Park, and the Yellow River Post Office site.



### *"Making life better for our citizens"*

Gwinnett County is committed to the safety, health, and well-being of our citizens. Some examples of ways the County made life better for citizens in 2018 are as follows:

- Health and Human Services served 394,143 residents and introduced therapeutic meals for senior clients with special dietary needs.
- Live Healthy Gwinnett offered 160 programs and events and launched the first mobile recreation program, *Be Active Gwinnett*.
- Voter Registrations and Elections completed the first bilingual election cycle, providing election materials in English and Spanish.
- The Countywide Trails Master Plan was adopted to ensure the connectivity of city and county trails and give the community an innovative way to travel across the county and a place to exercise and socialize with family, friends, and neighbors.
- The Department of Transportation continued transit system enhancements that make transportation easily accessible to residents. Gwinnett County Transit operates five express bus routes during morning and afternoon peak travel times Monday through Friday and seven local bus routes all day Monday through Saturday. The transit system is operated using 43 express coaches, 33 local buses, seven paratransit vehicles, and seven microtransit/flex vehicles. In 2018, the transit system transported more than 1.5 million riders on express, local buses, and paratransit.



*“Partnering with Others in our Community”*

Gwinnett County established and maintained numerous community partnerships in 2018, a few of which are described below:

- Parks and Recreation partnered with 32 volunteer youth athletic associations to offer sports such as baseball/softball, basketball, cheerleading, football, soccer, roller hockey, and lacrosse to more than 41,887 young athletes.
- The HomeFirst Gwinnett Initiative was developed through a collective partnership between Gwinnett County, the Primerica Foundation, and the United Way of Greater Atlanta to lead efforts to develop an organized and coordinated strategic approach to addressing homelessness and affordable housing needs.
- In partnership with the *Gwinnett Daily Post*, Live Healthy Gwinnett hosted four free Community Health Fairs at Rhodes Jordan Park, George Pierce Park, Bogan Park, and Lucky Shoals Park. More than 2,500 attendees and 250 exhibitors participated in health screenings, wellness presentations, cooking demonstrations, and more.
- Through a unique partnership with the Gwinnett County Board of Commissioners, the Gwinnett County Board of Education, the University of Georgia, and with the support of the Gwinnett Environmental and Heritage Center Foundation, the Gwinnett Environmental and Heritage Center hosted five special exhibits and conducted 161,274 educational contact hours in 2018.
- Gwinnett County continued to engage with residents through its community outreach program, Gwinnett 101 Citizens Academy. By offering a behind-the-scenes look at how Gwinnett County provides high-quality services to the community, the program develops informed and engaged residents, students, and business owners. In 2018, 59 volunteers graduated from Gwinnett 101 Citizens Academy.

# AWARDS AND ACKNOWLEDGEMENTS

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Gwinnett County received numerous awards in 2018. The list below includes only a handful of awards won in 2018. A complete list can be found at [www.gwinnettcountry.com](http://www.gwinnettcountry.com).

- *Green Communities Platinum Certification* from the Atlanta Regional Commission
- *Highest Customer Service Rating* to the Department of Water Resources according to the JD Power Utility Residential Customer Satisfaction Survey
- *Superior, Best in Class, and Best in Show* for Gwinnett200.com website from the National Association of County Information Officers
- *2018 Mission Lifeline® EMS Gold Level Recognition Award* from the American Heart Association
- *Agency of the Year* from the Georgia Recreation and Park Association for District 7
- *Volunteer Partnership Award* for more than 100 volunteers at the Junior Achievement Center at Discovery High School from Junior Achievement of Georgia
- *Achievement Award* to Health and Human Services and Animal Welfare Enforcement for the Senior Pet Food Delivery Program from the National Association of Counties
- *State of Georgia Law Enforcement Certification* from the Georgia Association of Police Chiefs for the department's Fire Investigation section
- *Meritorious Award* for the Budget in Brief publication from the National Association of County Information Officers
- *Distinguished Budget Presentation Award* from the Government Finance Officers Association
- *Certificate of Achievement for Excellence in Financial Reporting* from the Government Finance Officers Association
- *Excellence in Procurement Award* from the National Purchasing Institute
- *Outstanding New Initiative Grand Award* for Mow Free Zones from the Georgia Urban Forestry Council
- *Plant of the Year Award* to Crooked Creek Water Reclamation Facility for advanced treatment (10 MGD or greater) from the Georgia Association of Water Professionals

This document is made possible by the commitment of Financial Services staff throughout the year and especially during the annual audit and CAFR preparation. We recognize and appreciate the willingness of each County department and agency to work together toward common goals to benefit Gwinnett's residents. We thank independent auditors Mauldin & Jenkins, Certified Public Accountants, LLC, for their assistance. We also extend appreciation and thanks to Chairman Charlotte J. Nash, the District Commissioners, County Administrator Glenn P. Stephens, and Deputy County Administrator Phil Hoskins for their support, guidance, and advice in planning and conducting the County's financial activities in a responsible and progressive manner. Our continued solid financial position is a tribute to their dedication.

Respectfully submitted,

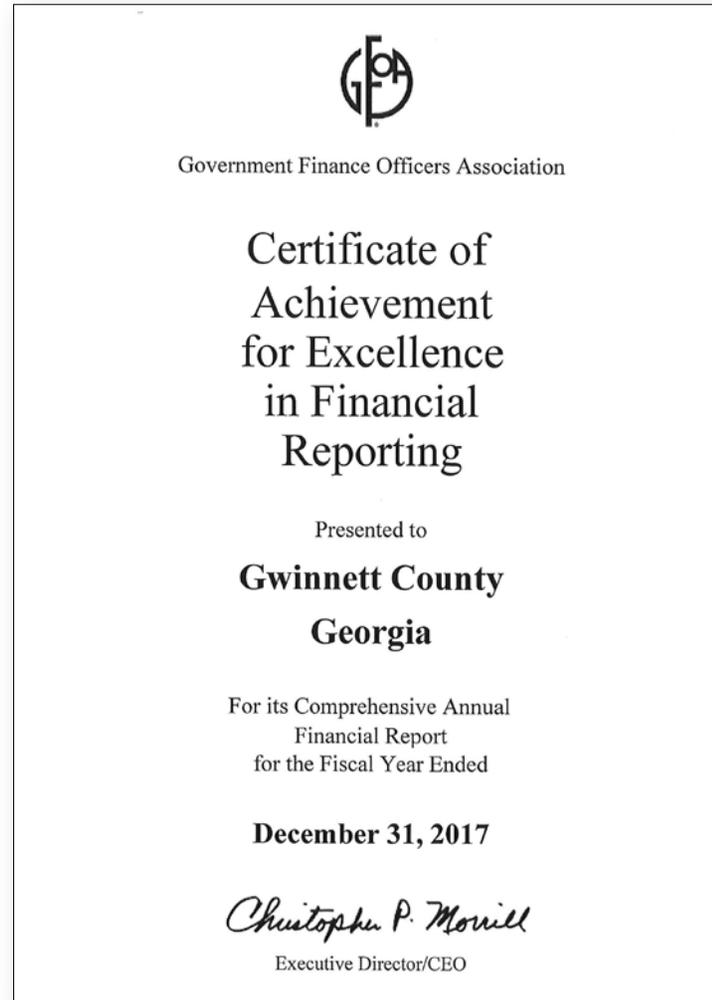


Maria B. Woods, CPA, CPFO  
CFO/Director of Financial Services

# CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

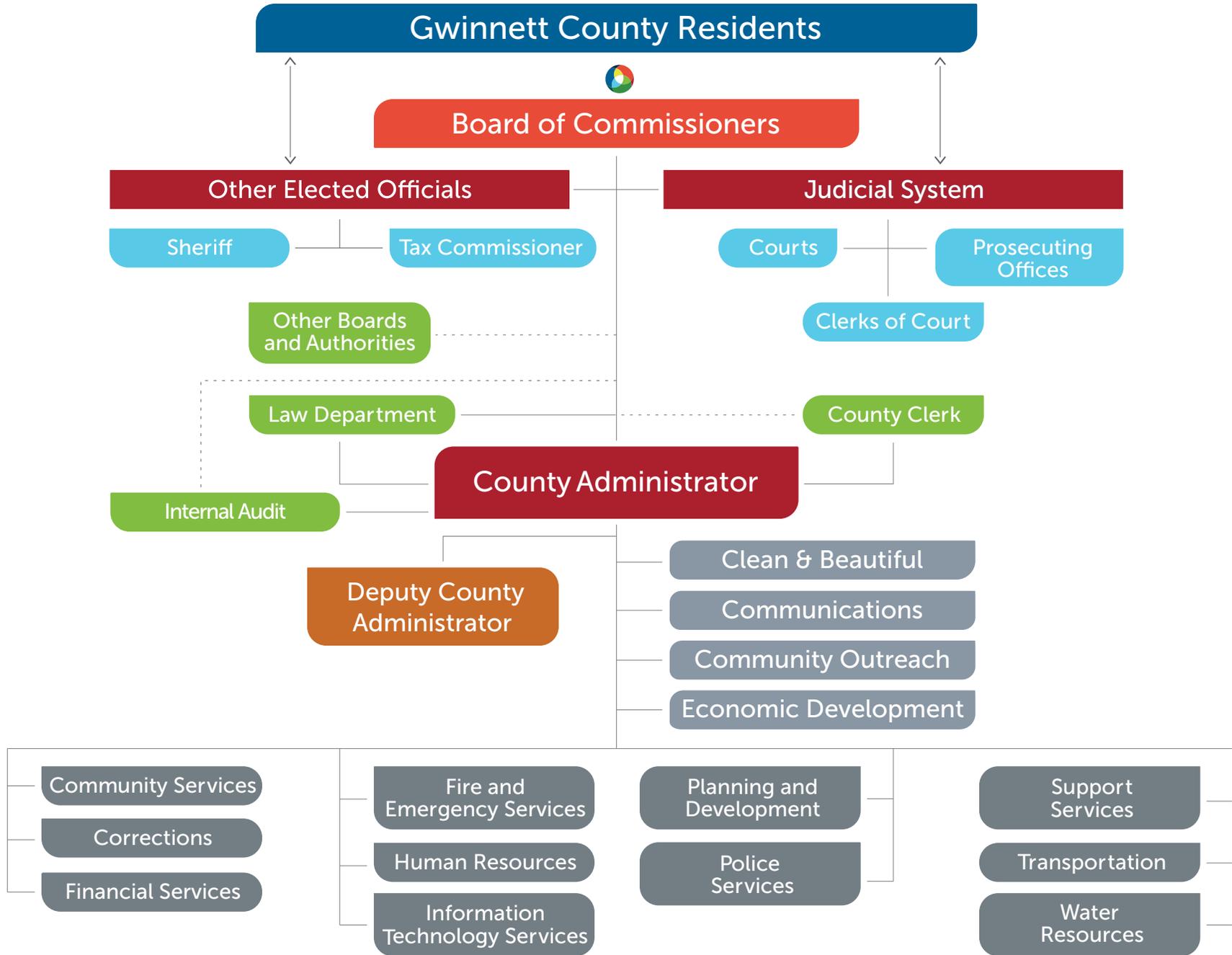
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The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Gwinnett County for its comprehensive annual financial report for the fiscal year ended December 31, 2017.



A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

GWINNETT COUNTY  
ORGANIZATIONAL CHART



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## COUNTY ADMINISTRATION & DEPARTMENT DIRECTORS

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**County Administrator**

Glenn P. Stephens

**Deputy County Administrator**

Phil Hoskins

**Acting County Attorney**

Mike Ludwiczak

**Community Services**

Tina Fleming, Director

**Corrections**

Darrell Johnson, Warden

**Financial Services**

Maria Woods, CFO/Director

**Fire and Emergency Services**

Chief Russell Knick

**Human Resources**

Sheryl Dallas, Director

**Information Technology Services**

Abe Kani, Director/CIO

**Planning and Development**

Kathy Holland, Director

**Police Services**

Chief Butch Ayers

**Support Services**

Angelia Parham, Director

**Transportation**

Alan Chapman, Director

**Water Resources**

Ron Seibenhener, Director

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## ELECTED OFFICIALS

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**Clerk of Court**

Richard T. Alexander Jr.

**District Attorney**

Danny Porter

**Chief Magistrate Court Judge**

Kristina Hammer Blum

**Probate Court Judge**

Christopher A. Ballar

**Sheriff**

R.L. "Butch" Conway

**Solicitor**

Brian Whiteside

**Tax Commissioner**

Richard Steele

**State Court Judges**

Pamela D. South, Chief Judge

Carla E. Brown

John F. Doran Jr.

Emily J. Brantley

Shawn F. Bratton

Ronda Colvin Leary

Howard E. Cook, Senior Judge

Joseph C. Iannazzone, Senior Judge

Robert W. Mock Sr., Senior Judge

**Superior Court Judges**

George F. Hutchinson III, Chief Judge

Melodie Snell Conner

Tracie H. Cason

R. Timothy Hamil

Ronnie K. Batchelor

Tracey D. Mason

Warren Davis

Karen E. Beyers

Kathryn M. Schrader

Randolph G. Rich

K. Dawson Jackson, Senior Judge

Fred A. Bishop Jr., Senior Judge

Debora K. Turner, Senior Judge

Tom Davis, Senior Judge

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## JUDICIALLY APPOINTED OFFICIALS

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**Juvenile Court Judges**

Robert V. Rodatus, Presiding Judge

Tadia D. Whitner

Robert Waller

**Recorder's Court Judges**

Michael Greene, Chief Judge

Rodney S. Harris

Ramon Alvarado

**Clerk of Recorder's Court**

Jeff C. West

**Court Administrator**

Philip M. Boudewyns

GWINNETT COUNTY

DEPARTMENT OF  
FINANCIAL SERVICES

CFO/Department Director

Deputy Director

Deputy Director

Purchasing  
Division

Office of  
Strategy &  
Performance  
Management

Tax Assessor  
Division

Accounting  
Division

Budget &  
Grants  
Management  
Division

Treasury  
Division

# ACCOUNTING DIVISION

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Laurie **Puckett**, CPA, CPFO, Director

Penny **Purchell**, CPA, CPFO, Financial Reporting Manager

Natalie **Williams**, Accounting Manager

Dana **Brunson**, Financial Analyst

Alicia **Carmon**, Financial Analyst

Deirdre **Diggs**, Financial Analyst

Suhelly **Lopez**, Financial Analyst

Anna **Payne**, Financial Analyst

Erika **Rivera**, Financial Analyst

Denise **Troup**, Financial Analyst



# FINANCIAL SECTION

*Independent Auditors' Report  
Management's Discussion and Analysis*





## INDEPENDENT AUDITORS' REPORT

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The Board of Commissioners of Gwinnett County  
Lawrenceville, Georgia

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Gwinnett County, Georgia** (the "County"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Gwinnett County Board of Health, which represents 8%, 41%, and 53%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Gwinnett County Board of Health, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Gwinnett County, Georgia, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparisons for the General Fund, the Fire and EMS District Fund, and the Police Services District Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Notes 1(w) and 13, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as of January 1, 2018. This standard significantly changed the accounting for the County's net other postemployment benefits (OPEB) liability and the related disclosures. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in the County's Net Pension Liability and Related Ratios, the Schedule of County Contributions - Pension, the Schedule of Changes in the County's Net OPEB Liability and Related Ratios, and the Schedule of County Contributions - OPEB on pages 23 through 38, pages 113, 114, 116, and 117, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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*Other Information*

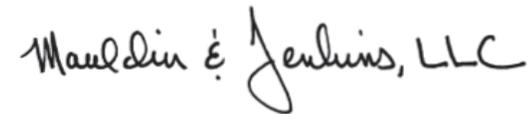
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual non-major fund financial statements and schedules; the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and the introductory, statistical, and disclosure sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and schedules and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory, statistical, and disclosure sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2019 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



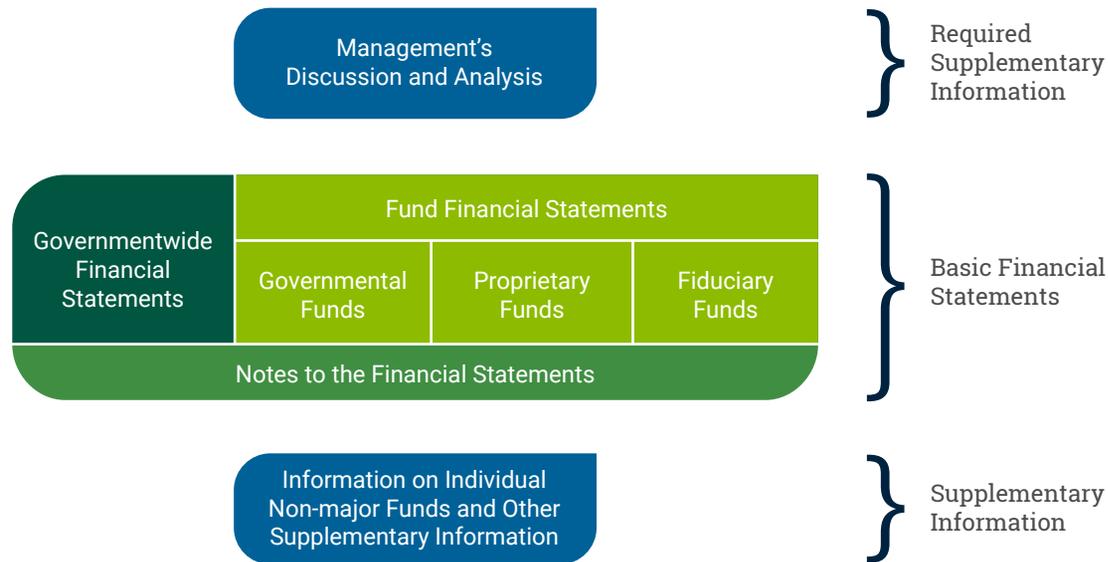
Atlanta, Georgia  
June 20, 2019

# MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Gwinnett County, Georgia, we offer readers of Gwinnett County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2018. This discussion is intended to: 1) assist the reader in understanding significant financial issues; 2) provide an overview of the County's financial activities; 3) identify changes in the County's financial position; 4) identify material deviations from the original budget; and 5) identify individual fund issues or concerns. We encourage readers to consider the information presented within this section in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

## Overview of the Financial Statements

This document is arranged in the following format:



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

**Governmentwide financial statements:** The governmentwide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to private-sector business reporting. All governmental and business-type activities are combined to arrive at a total for the primary government. There are two governmentwide statements, the statement of net position and the statement of activities, which are produced using the accrual basis of accounting. Additional information on the accrual basis of accounting can be found in [Note 1 \(C. Measurement focus, basis of accounting, and financial statement presentation\)](#) on page 59 of this report.

The statement of net position presents information on all of the County's assets and deferred outflows of resources, and liabilities and deferred inflows of resources (for all fund types except fiduciary), with the difference between these reported as net position. Increases or decreases in net position serve as a useful indicator of whether the financial position of the County is improving or deteriorating. This statement combines the governmental funds' current financial resources (short-term) with capital assets and long-term liabilities.

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

Each of the governmentwide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, judiciary, public works, health and welfare, culture and recreation, housing and development, tourism, and development authority. The business-type activities of the County include water and sewer, airport, solid waste, stormwater, and transit.

The governmentwide financial statements include Gwinnett County itself (known as the primary government), the Public Library System, the Gwinnett County Development Authority, and the Gwinnett County Health Department. These legally separate entities are designated as component units of the County due to the significance of their operational or financial relationships with the County. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The Water and Sewerage Authority, the Airport Authority, the Recreation Authority, the Public Facilities Authority, Stormwater Authority, and the Urban Redevelopment Agency although also legally separate, operate solely on behalf of departments of the County and therefore are included as integral parts of the primary government.

The governmentwide financial statements can be found on pages 39 – 40 of this report. The component unit combining statements are presented on pages 53 – 54.

**Fund financial statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Gwinnett County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Gwinnett County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is more limited than that of the governmentwide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the governmentwide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities (in the governmentwide financial statements).

The County maintains separate governmental funds to account for the following activities: General; Special Revenue (Fire and Emergency Medical Services District, Police Services District, Street Lighting, Speed Hump, Authority Imaging, Juvenile Court Supervision, Tree Bank, Tourism, Stadium, Sheriff Special Justice, Sheriff Special Treasury, Sheriff Special State, Police Special Justice, Police Special State, Crime Victims Assistance, District Attorney Federal Justice Asset Sharing, District Attorney Federal Treasury Asset Sharing, Corrections Inmate Welfare, Sheriff Inmate, E-911, Loganville Emergency Medical Services District, Development and Enforcement Services District, Recreation District,

Jimmy Carter Boulevard Tax Allocation District (TAD), Indian Trail TAD, Park Place TAD, and Grant); Capital Projects (2009 Sales Tax, 2014 Sales Tax, 2017 Sales Tax and Other Capital Projects); and Debt Service. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Fire and Emergency Medical Services District, Police Services District, Other Capital Projects, 2009 Sales Tax, 2014 Sales Tax, and 2017 Sales Tax Funds, all of which are considered to be major funds. Data from the other (non-major) governmental funds are combined into a single, aggregated column.

Governmental funds are reported on the modified accrual basis of accounting. Information on the modified accrual basis of accounting can be found in [Note 1 \(C. Measurement focus, basis of accounting, and financial statement presentation\)](#) on pages 59 – 60 of this report.

Gwinnett County adopts an annual appropriated budget for its general, special revenue, and debt service funds. Budgets for capital projects funds are adopted as multi-year project budgets and appropriated annually; any unspent budget at the end of the year is rolled forward to the next year. A budgetary comparison statement has been provided for the [General Fund](#), [Fire and EMS District Fund](#), and [Police Services District Fund](#). These statements are found on pages 45 – 47. The basic governmental fund financial statements can be found on pages 41 – 44.

**Proprietary funds:** Gwinnett County maintains two different types of proprietary funds. Enterprise funds are used to account for quasi-business functions where revenues typically come from charges or fees (water usage, airport rental, etc.) rather than taxes. The County uses enterprise funds to account for its water and sewer, airport, solid waste, stormwater, economic development, and transit activities. Internal service funds are an accounting mechanism used to accumulate and allocate costs internally among the County's various functions based on usage. The County uses internal service funds to account for its administrative support, fleet, group self-insurance, risk management, and auto liability activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the governmentwide financial statements.

Gwinnett County adopts an annual budget for management purposes for its enterprise and internal service funds. Proprietary fund financial statements provide the same type of information as the governmentwide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Water and Sewerage and Stormwater, which are considered to be major funds of the County. Data from the other (non-major) enterprise funds are combined into a single, aggregated column. Internal services funds are also presented in a single column.

The basic proprietary fund financial statements, which are reported on the accrual basis of accounting, can be found on pages 48 – 50 of this report.

**Fiduciary funds:** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the governmentwide financial statements because the resources of those funds are not owned by or available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds, and their financial statements are reported on the accrual basis of accounting as well. Gwinnett County maintains seven fiduciary funds, called agency funds, for Tax Commissioner, Clerk of the Courts, Recorder's Court, Sheriff, Probate Court, Juvenile Court, and Corrections. The agency funds are presented in total in one column in the [Statement of Fiduciary Net Position](#) on page 51. The County also maintains fiduciary funds for Pension and Other Post-Employment Benefits (OPEB) trust funds. These funds are aggregated and presented on pages 51 and 52.

**Notes to the financial statements:** The notes provide additional information that is essential to a full understanding of the data provided in the governmentwide and fund financial statements. The notes to the financial statements can be found on pages 56 – 112 of this report.

# FINANCIAL HIGHLIGHTS

- Gwinnett County's assets and deferred outflows of resources exceeded liabilities and deferred inflows at December 31, 2018 by \$6,957,054,000 (net position). Of this amount, \$504,097,000 (unrestricted net position) may be used to meet the government's ongoing obligations to residents and creditors.
- As of December 31, 2018, the County's governmental funds reported combined fund balances of \$1,150,935,000, an increase of \$87,462,000 when compared to the prior year. Of the \$1,150,935,000 total governmental fund balance, \$115,218,000 remains in the General Fund as unassigned.
- At December 31, 2018, the County's General Fund reported a fund balance of \$159,242,000, an increase of \$5,075,000, or 3.3 percent, from last fiscal year.
- As of December 31, 2018, the County's enterprise funds reported a combined net position of \$3,614,910,000, an increase of \$165,903,000 when compared to the prior year. Of the \$3,614,910,000 total enterprise net position, \$346,780,000 remains in the funds as unrestricted. The largest enterprise fund is the Water and Sewerage Fund, which is discussed in more detail later in the business-type activities section.
- Since 1997, the County has maintained a AAA credit rating from each of the three rating agencies that review public sector debt.
- In 2018, the County issued \$95.7 million in revenue bonds through the Development Authority to fund the construction of a conference center, parking deck, and other improvements on the Infinite Energy Center campus. The County also issued \$35.4 million in revenue bonds through the Urban Redevelopment Agency to purchase 103 acres within the Gwinnett Village Opportunity Zone for a redevelopment project. These are the first new money bond issues Gwinnett County has approved in nearly 10 years.
- The County implemented GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, in fiscal year 2018, and as a result many functional areas in the governmental activities, as well as the business-type activities, recognized an increase in expenses. The County recorded net OPEB liabilities of \$79,169,000 and \$11,435,000 for the governmentwide and business-type activities, respectively. More information can be found in [Note 13](#) on pages 104 – 109.



# GOVERNMENTWIDE FINANCIAL ANALYSIS

As previously noted, over time net position serves as a useful indicator of a government's financial position. In the case of Gwinnett County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$6,957,054,000 at the close of the most recent fiscal year. This represents an increase of \$245,853,000, or 3.7 percent, from fiscal year 2017 restated.

## Gwinnett County's Net Position (in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017*	2018	2017*	2018	2017*
Current and other assets	\$ 1,328,506	\$ 1,240,322	\$ 545,130	\$ 525,061	\$ 1,873,636	\$ 1,765,383
Capital assets	2,529,253	2,487,667	3,840,147	3,725,025	6,369,400	6,212,692
Total assets	3,857,759	3,727,989	4,385,277	4,250,086	8,243,036	7,978,075
Deferred outflows of resources	92,829	9,415	25,284	16,188	118,113	25,603
Long-term liabilities outstanding	547,793	393,720	696,922	719,315	1,244,715	1,113,035
Other liabilities	59,498	56,250	99,882	95,563	159,380	151,813
Total liabilities	607,291	449,970	796,804	814,878	1,404,095	1,264,848
Deferred inflows of resources	—	24,269	—	3,360	—	27,629
Net position:						
Net investment in capital assets	2,420,755	2,396,352	3,240,775	3,059,003	5,661,530	5,455,355
Restricted	764,072	840,078	27,355	32,970	791,427	873,048
Unrestricted	158,470	26,735	345,627	356,063	504,097	382,798
Total net position	\$ 3,343,297	\$ 3,263,165	\$ 3,613,757	\$ 3,448,036	\$ 6,957,054	\$ 6,711,201

\*Restated

By far the largest portion of the County's net position (81.4 percent) at December 31, 2018, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to residents; consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are not planned to be used to liquidate these liabilities.

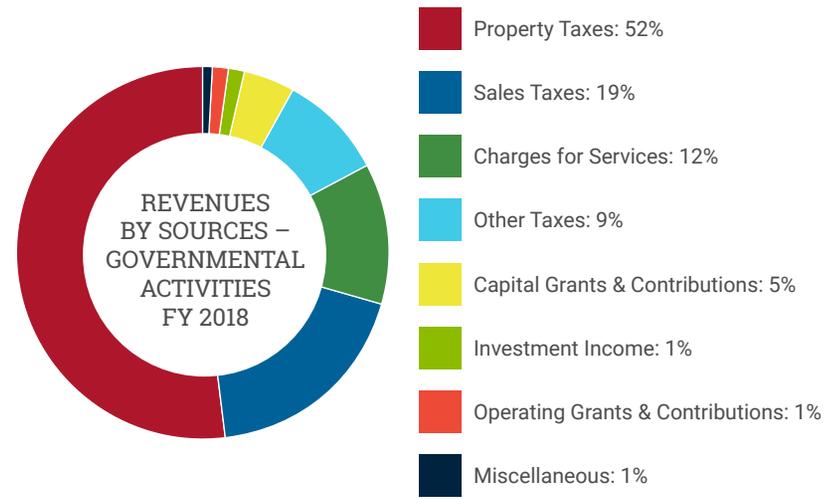
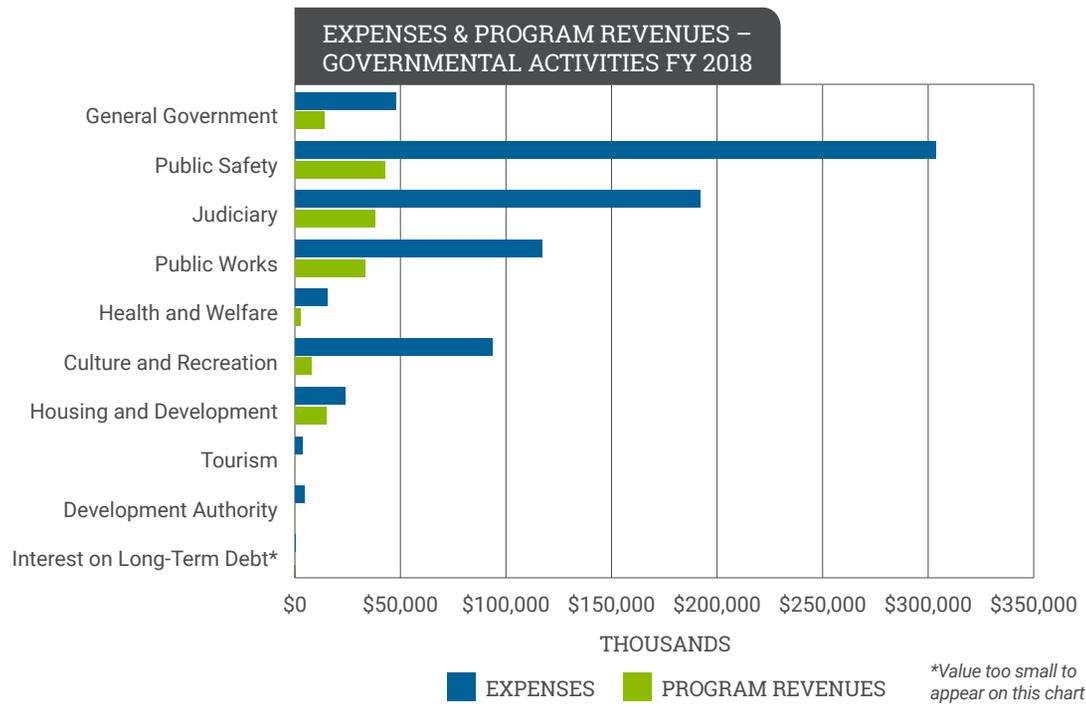
An additional portion of the County's net position (11.4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$504,097,000) may be used to meet the government's ongoing obligations to residents and creditors. For more information on fund balances and net position, see [Note 14](#).

At the end of the current fiscal year, the County is able to report positive balances in all three categories of net position, for the government as a whole, as well as for its separate governmental and business-type activities. Growth in net position is an indication that the County's financial position has improved over 2017.

**Gwinnett County's Changes In Net Position**  
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017*	2018	2017*	2018	2017*
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 104,016	\$ 100,477	\$ 394,259	\$ 391,159	\$ 498,275	\$ 491,636
Operating grants and contributions	10,572	8,846	7,623	7,422	18,195	16,268
Capital grants and contributions	38,019	23,365	70,672	73,333	108,691	96,698
General revenues:						
Property taxes	446,359	425,472	—	—	446,359	425,472
Sales taxes	162,436	151,800	—	—	162,436	151,800
Other taxes	80,968	79,539	—	—	80,968	79,539
Investment income	12,028	5,662	8,315	4,269	20,343	9,931
Other	9,462	10,910	—	—	9,462	10,910
Total revenues	863,860	806,071	480,869	476,183	1,344,729	1,282,254
<b>Expenses</b>						
General government	46,360	42,786	—	—	46,360	42,786
Public safety	287,516	266,623	—	—	287,516	266,623
Judiciary	181,372	165,446	—	—	181,372	165,446
Public works	110,798	112,381	—	—	110,798	112,381
Health and welfare	14,838	15,330	—	—	14,838	15,330
Culture and recreation	91,666	83,095	—	—	91,666	83,095
Housing and development	23,110	19,941	—	—	23,110	19,941
Tourism	3,707	3,318	—	—	3,707	3,318
Development authority	4,571	5,246	—	—	4,571	5,246
Interest on long-term debt	169	191	—	—	169	191
Water and sewer	—	—	239,520	235,432	239,520	235,432
Airport	—	—	1,753	1,318	1,753	1,318
Economic development	—	—	405	—	405	—
Solid waste	—	—	43,170	41,688	43,170	41,688
Stormwater	—	—	28,095	30,410	28,095	30,410
Transit	—	—	21,826	28,242	21,826	28,242
Total expenses	764,107	714,357	334,769	337,090	1,098,876	1,051,447
Increase in net position before transfers	99,753	91,714	146,100	139,093	245,853	230,807
Transfers	(19,621)	(14,246)	19,621	14,246	—	—
Increase in net position after transfers	80,132	77,468	165,721	153,339	245,853	230,807
Net position – January 1	3,263,165	3,275,102	3,448,036	3,302,106	6,711,201	6,577,208
Impact of restatement	—	(89,405)	—	(7,409)	—	(96,814)
Net position – December 31	\$ 3,343,297	\$ 3,263,165	\$ 3,613,757	\$ 3,448,036	\$ 6,957,054	\$ 6,711,201

\*Restated



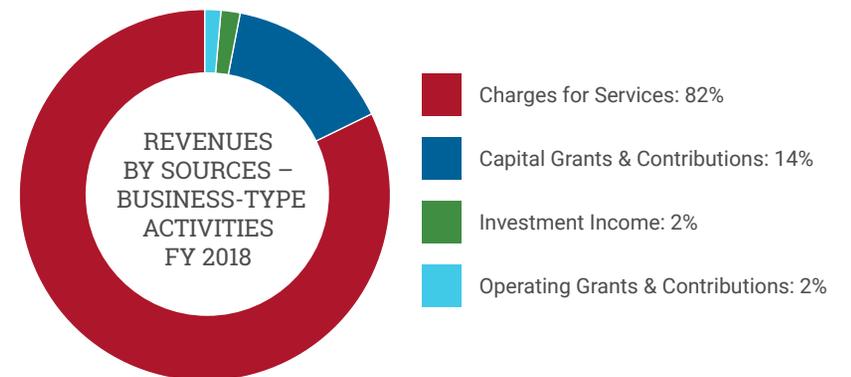
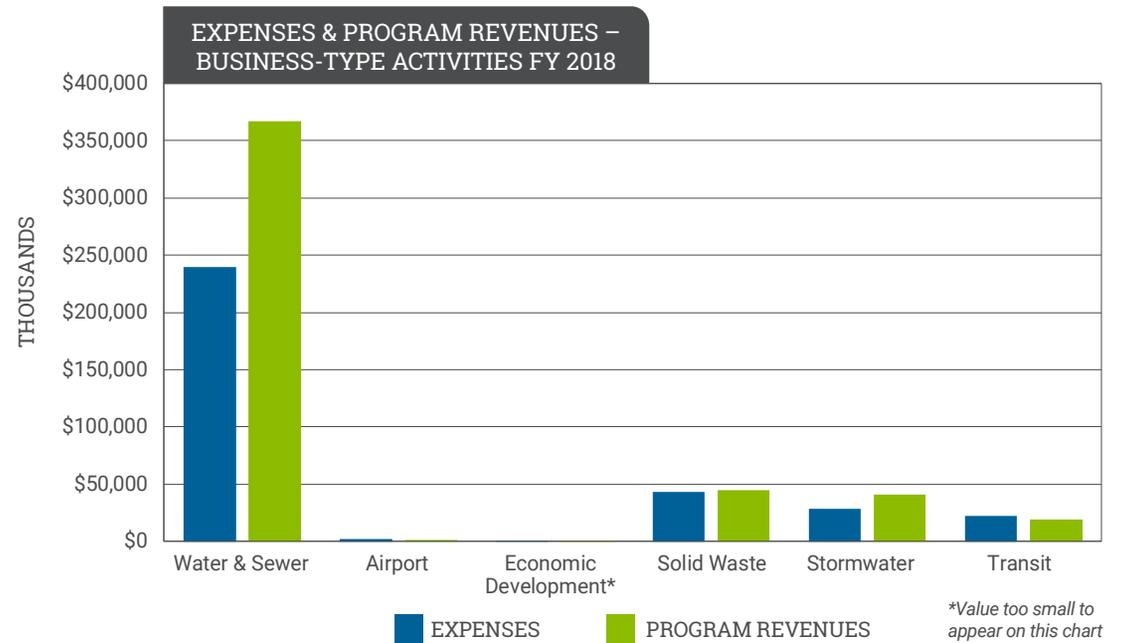
**Governmental activities:** Governmental activities increased the County’s net position by \$80,132,000, thereby accounting for 32.6 percent of the total growth in net position.

- Revenues increased by \$57.8 million, primarily due to increases in property taxes (\$20.9 million), capital grants and contributions (\$14.7 million), sales taxes (\$10.6 million), investment income (\$6.4 million), charges for services (\$3.5 million), operating grants and contributions (1.7 million), and other taxes (\$1.4 million). These increases were offset by decreases in other revenues of (\$1.4 million). The increase in property taxes is attributable to an improving digest characterized by rising home values and new construction. Sales taxes and other taxes have increased as the economy continues to strengthen. Investment income increased due to increased interest rates and more available cash to invest.
- Public safety expenses increased by \$20.9 million, primarily due to an increase in personal services (\$16.0 million) resulting from an increase in the number of police positions, pay increases, increases in health care costs, and an increase in operating expenses of \$5.3 million. These increases were offset mainly by a decrease in professional services (\$1.4 million).
- Judiciary expenses increased by \$15.9 million, primarily due to increases in personal services (\$6.6 million); professional services (\$3.7 million); and contributions for self-funded insurance and indirect costs (\$2.0 million).
- Public works expenses decreased by \$1.6 million, primarily due to decreases in the pension expense (\$2.9 million) and intergovernmental expenditures (\$0.3 million) in the governmentwide statements. These decreases were mainly offset by increases in personal services (\$0.5 million) and professional services (\$0.8 million).
- Housing and development expenses increased by almost \$3.2 million, primarily due to an increase in project related expenses (\$2.0 million) and recording intergovernmental (\$1.0 million) expense allocations in the governmentwide statements.

- Culture and recreation expenses increased by almost \$8.6 million, primarily due to increases in personal services (\$2.0 million), as well as an increase in indirect cost charges (\$1.7 million) paid to the Administrative Support Internal Service Fund; an increase in project-related expenses (\$5.4 million) due to the civic center expansion; and recording intergovernmental expense (\$1.0 million) allocations in the governmentwide statements. These increases were offset by a decrease in contributions to the Development Authority (\$2.0 million) related to the 2017 refunding of the stadium bonds.

**Business-type activities:** Business-type activities increased the County’s net position by \$165,721,000, accounting for 67.4 percent of the total growth in the government’s net position. Key elements of this increase were as follows:

- In 2018, Water and Sewerage Fund revenues were up approximately 1.5 percent, or \$4.5 million, compared to the prior year. The increase is primarily attributable to a 1.3 percent increase in water consumption and a \$2.0 million increase in system development charge revenues. Operating expenses increased 5.0 percent, or \$10.5 million, from 2017. The increase is primarily attributable to a \$4.0 million increase in personal services due to pay increases and increases in employee benefits expenses, a \$1.5 million increase in professional services, and increases in variable costs such as chemicals, utilities, and fuel. In 2018, interest expense decreased \$1.8 million, and investment earnings increased \$1.4 million. This fund ended the year with an increase in net position of \$134.4 million.
- The Stormwater Fund reported operating income of \$2.4 million, which was \$5.2 million lower than 2017. The fund ended the year with an increase in net position of \$22,121,000 which is down nearly \$1.5 million from last year’s increase, primarily from an increase in personal services due to pay increases and increases in employee benefits expenses.
- The Airport Fund reported a decrease in net position of \$0.5 million, which was a decrease of approximately \$0.8 million from the 2017 change in net position, primarily due to a decrease in capital contributions related to federal grants for work on airport taxiways.
- The Solid Waste Fund reported an increase in net position of \$2.2 million, which was approximately \$0.4 million more than the 2017 change in net position. There was an increase in operating revenues of approximately \$0.7 million, a decrease in operating expenses of \$1.0 million, and a decrease in non-operating revenues of \$2.4 million related to the disposal of capital assets.
- The Transit Fund reported an increase in net position of \$7.5 million, which was approximately \$8.2 million more than the 2017 change in net position. This is primarily due to a temporary timing difference related to transfers of buses between Gwinnett County and the State Road and Tollway Authority.



# FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds:** The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements and its performance in relation to the annual budget. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2018, the County's governmental funds reported combined ending fund balances of \$1,150,935,000, an increase of \$87,462,000 in comparison with the prior year. This increase is approximately \$0.3 million greater than the 2017 increase in fund balances. Overall, revenues were up \$59.2 million, expenditures were up \$86.2 million, and net other financing sources were up \$26.7 million.

Major factors that contributed to the increase in governmental fund revenues included:

- An increase in property tax revenues of nearly \$21.0 million due to an improving digest
- An increase in charges for services of \$3.2 million
- An increase in sales tax revenues of \$10.6 million
- An increase in insurance premium taxes of just over \$2.9 million
- An increase in intergovernmental revenues of \$11.4 million
- A decrease in fines of approximately \$0.6 million
- An increase in other miscellaneous revenues of \$23.2 million
- An increase in investment income of \$9.8 million

Major factors that contributed to the overall increase in governmental fund expenditures included:

- A increase in capital expenditures of \$40.8 million. Capital outlay expenditures fluctuate from year to year as new projects are started and others are completed. Capital projects in progress for 2018 include: courthouse renovations; multiple road improvement projects such as SR20 Widening (South Lee - US23/SR13/Buford Highway); and multiple park renovations.
- An increase in salaries and benefits of almost \$30.0 million as a result of pay increases, new positions, and increased benefits costs
- A increase in general operating expenses of \$10.1 million

The following paragraphs discuss the individual major governmental funds.

The General Fund is the primary tax and operating fund for all County revenues and expenditures that are not restricted to, or accounted for, in other funds. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$115,218,000 which is above the required fund balance reserve of three months operating expenditures including transfers out. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 43.6 percent of General Fund expenditures. Total fund balance increased \$5.1 million, as compared to an increase of \$3.8 million in 2017. This increase in operating results is attributed to a combination of factors:

- An increase in revenues of nearly \$15.7 million, primarily due to increases in real and personal property taxes, charges for services, and investment income, offset by slight decreases in motor vehicle *ad valorem* tax and fines and forfeitures revenues
- An increase in expenditures of \$20.7 million, primarily due to an increase of \$12.5 million in personal services, an increase in professional services of \$3.9 million, and an increase in contributions to internal service funds of \$1.7 million for risk management and indirect cost allocations
- A decrease in contributions/transfers of \$3.8 million, primarily due to decreases in transfers to Transit Fund operations of \$2.3 million, as well as a decrease in transfers to capital funds of \$1.8 million to fund appropriations for future capital needs, offset by an increase in transfers to service district funds for supplemental *ad valorem* tax of \$0.4 million

The Fire and Emergency Medical Services (EMS) District Fund accounts for the revenues and expenditures attributable to the Fire and EMS District. This district includes all properties within unincorporated Gwinnett County and all cities except Loganville. At the end of fiscal year 2018, restricted fund balance was \$57,708,000, which is above the required fund balance reserve of three months of normal operating expenditures and represents an increase of \$5.0 million from the fiscal year 2017 fund balance. Revenues increased \$5.4 million, primarily due to the increase in property tax revenues. Expenditures increased \$6.1 million, primarily due to increases in salary and overtime costs.

The Police Services District Fund accounts for the revenues and expenditures attributable to the Police Services District. This district includes all properties within unincorporated Gwinnett County and cities that do not operate their own police departments (Berkeley Lake, Buford, Grayson, Dacula, Peachtree Corners, Rest Haven, and Sugar Hill). At the end of fiscal year 2018, restricted fund balance was \$68,770,000, which is above the required fund balance reserve of three months operating expenditures and represents an increase of \$3.5 million from the fiscal year 2017 fund balance. Revenues increased \$4.9 million, primarily due to increases in property tax, occupation tax, and insurance premium tax revenues, offset by a slight decline in fines and forfeitures revenue. Expenditures increased \$11.8 million, mainly due to salary increases and an increase in transfers to the capital projects fund.

The Other Capital Projects Fund accounts for the financial resources to be used for the purchase and construction of major capital facilities and equipment, other than those accounted for in specific funds. At the end of fiscal year 2018, the fund balance of the Other Capital Projects Fund was \$311,125,000, representing an increase of \$41.1 million from 2017. Expenditures exceeded revenues by \$53.1 million, which was offset by transfers in of \$70.2 million. Transfers to the capital projects fund increased almost \$10.0 million over the prior year. Expenditures were \$23.2 million higher in 2018 due to the timing of capital projects. Capital outlay expenditures fluctuate from year to year as new projects are started and others are completed. Significant capital projects are discussed in the capital assets section of the analysis on [page 35](#).

The 2009 Sales Tax Fund accounts for the financial resources provided from the 2009 one percent Special Purpose Local Option Sales Tax. Such funds were approved by voter referendum for libraries, parks and recreation, public safety, and transportation projects. At the end of fiscal year 2018, the 2009 Sales Tax Fund reported a fund balance of \$111,734,000. Expenditures exceeded revenues by \$29.0 million. This is expected as sales tax revenues are no longer being collected under the 2009 program, and the County is focused on spending down the fund balance to close the fund.



The 2014 Sales Tax Fund accounts for the financial resources provided from the 2014 one percent Special Purpose Local Option Sales Tax. Such funds were approved by voter referendum for libraries, parks and recreation, public safety, senior service facilities, and transportation projects. At the end of fiscal year 2018, the 2014 Sales Tax Fund reported a fund balance of \$153,416,000. Expenditures exceeded revenues by \$37.9 million. This is expected as sales tax revenues are no longer being collected under the 2014 program. Capital expenditures continued on eligible projects during fiscal year 2018.

The 2017 Sales Tax Fund accounts for the financial resources provided from the 2017 one percent Special Purpose Local Option Sales Tax. Such funds were approved by voter referendum for libraries, parks and recreation, public safety, senior service facilities, civic center expansion, and transportation projects. At the end of fiscal year 2018, the 2017 Sales Tax Fund reported a fund balance of \$180,997,000. Revenues exceeded expenditures by \$97.5 million, as expenditures are just beginning on eligible projects. Sales tax collections started on April 1, 2017, and will be collected under the 2017 program until March 31, 2023.

**Proprietary funds:** The County's proprietary funds provide the same type of information related to business-type activities found in the governmentwide financial statements, but in more detail.

Unrestricted net position of the Water and Sewerage Fund at the end of fiscal year 2018 amounted to \$270,779,000. This represents a decrease of \$21,186,000 in unrestricted net position from the end of the previous year. The total increase in net position was \$134,389,000. Factors concerning the finances of this fund have already been addressed in the discussion of business-type activities on [page 30](#).

## GENERAL FUND BUDGETARY HIGHLIGHTS

The original fiscal year 2018 budget was adopted with a \$36.4 million use of fund balance, including a \$9.0 million reserve. As of December 31, 2018, there was a budgeted \$19.1 million use of fund balance after amendments, including a \$9.0 million reserve. Due to salary savings and other budget surpluses, this budgeted use of fund balance was not utilized and the fund ended the year with a contribution to fund balance of \$4.5 million.

Differences between the original budget and the final amended budget amount to a net decrease in budgeted expenditures and transfers out of \$0.3 million and can be summarized as follows:

- Decrease of \$2.2 million in reserves/contingencies
- Increase of \$1.8 million in allocations, primarily due to the inmate medical claims allocation
- Increase of \$0.3 million in capital outlay

## GENERAL FUND ACTUAL REVENUES AND EXPENDITURES VERSUS BUDGET

Actual revenues were \$6.5 million above budget at the end of fiscal year 2018, which was primarily attributable to taxes exceeding budget by a net of \$2,486,000 due to increasing property values and higher than expected motor vehicle *ad valorem* taxes. Additionally, charges for services exceeded budget by \$1,707,000, investment income exceeded budget by \$1,100,000, intergovernmental revenues exceeded budget by \$388,000, and miscellaneous revenues exceeded budget by \$1,324,000. The only revenue category that ended the year under budget was fines and forfeitures at \$577,000 below budget.

Actual expenditures and transfers out were \$15.9 million under budget at the end of fiscal year 2018. The main contributing factors were as follows:

- Personal services expenditures were \$7.1 million under budget, primarily due to vacancies.
- General operating expenditures were \$4.9 million under budget with the largest single line item being professional services, which was \$2.7 million under budget. Other line items that were significantly under budget include miscellaneous services and charges, postal services, industrial supplies, and license support agreements.
- Transfers to the Fire and EMS Services District, Police Services District, Development and Enforcement Services District, and Grants were under budget by nearly \$0.5 million.
- Unspent reserves/contingencies and allocations were \$2.6 million.



# CAPITAL ASSETS

**Capital assets:** The County's investment in capital assets for its governmental and business-type activities as of December 31, 2018, amounted to \$6,369,400,000 (net of accumulated depreciation). Investments in capital assets included land, improvements, buildings, equipment, vehicles, infrastructure, and construction in progress.

## Gwinnett County's Net Capital Assets (in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Land	\$ 702,753	\$ 699,882	\$ 78,674	\$ 76,022	\$ 781,427	\$ 775,904
Improvements	347,266	348,737	2,666,795	2,633,510	3,014,061	2,982,247
Buildings	520,990	529,351	622,083	640,998	1,143,073	1,170,349
Equipment	37,784	41,635	256,990	261,050	294,774	302,685
Vehicles	42,432	46,407	21,219	16,259	63,651	62,666
Infrastructure (roads, bridges, and sidewalks)	740,622	747,861	6,147	6,443	746,769	754,304
Construction in progress	137,406	73,794	188,239	90,743	325,645	164,537
<b>Total</b>	<b>\$ 2,529,253</b>	<b>\$ 2,487,667</b>	<b>\$ 3,840,147</b>	<b>\$ 3,725,025</b>	<b>\$ 6,369,400</b>	<b>\$ 6,212,692</b>

Total capital assets for governmental activities for 2018 totaled \$2,529,253,000, which is an increase of \$41.6 million, or 1.7 percent, over 2017. The total of governmental assets transferred from construction in progress to the asset records during the year totaled approximately \$61.2 million. Major projects consisted of the following:

- SR20 Widening (South Lee – US23/SR13/Buford Highway): \$5,548,523
- Fire Station #15 – Relocation: \$5,318,642
- Harbins Road at Jackson Creek: \$2,725,649
- U.S. 78 Parallel Road: \$2,608,905
- Courthouse Addition and Parking Deck (Cooling Tower): \$2,541,345

Total capital assets for business-type activities for 2018 totaled \$3,840,147,000, which is an increase of \$115.1 million, or 3.1 percent, from 2017. The total of business-type assets that were transferred from construction in progress to the asset records during the year totaled approximately \$84 million. Major projects consisted of the following:

- Distribution Systems Rehabilitation: \$7,256,084
- Sanitary Sewer Collection System Renovation: \$7,222,863
- Water Reclamation Facility Rehabilitation/Improvements Program: \$17,374,235
- 2017 Drainage Improvements: \$4,855,078
- Stormwater Drainage Improvements: \$11,995,573

Additional information on the County's capital assets can be found in [Note 7](#) on pages 84 – 86 of this report.

# DEBT ADMINISTRATION

**Long-Term Debt:** At the end of the current fiscal year, the County had total bonded debt outstanding of \$4,150,000 comprised of general obligation debt backed by the full faith and credit of the government. The County is obligated through an intergovernmental agreement for another \$554,110,000 in Water and Sewerage Authority Revenue Bonds. Debt service on these revenue bonds is paid from water and sewerage customer charges. For the Water and Sewerage Revenue Bonds, the County would be required to pay the principal and interest on those bonds should operating revenues not be adequate. There has never been an occasion when operating revenues have not been sufficient to cover all such payments.

In addition to G.O. bonds and Water and Sewerage Revenue bonds, the County issues revenue debt to fund some of its capital needs through intergovernmental contracts or lease agreements between the County and the applicable authority/agency. The County pledges income derived from the acquired or constructed assets or excise taxes designated by law for such purposes to pay for the debt. In 2018, the County issued \$35.4 million in revenue bonds through the Urban Redevelopment Agency to purchase 103 acres within the Gwinnett Village Opportunity Zone for a redevelopment project. Also in 2018, the Development Authority issued \$95.7 million in revenue bonds funded with an intergovernmental lease agreement with the County to fund construction of a conference center, parking deck, and other improvements on the Infinite Energy Center campus. These are the first new money bond issues Gwinnett County has approved in nearly 10 years.

The County has similar lease agreements with the Development Authority for other projects such as the Infinite Energy Arena, a parking deck at the arena, and Coolray Field baseball stadium.

## Gwinnett County's Outstanding Debt General Obligation Bonds, Revenue Bonds, and Leases (in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 4,150	\$ 8,110	\$ —	\$ —	\$ 4,150	\$ 8,110
Revenue bonds	—	—	589,545	624,010	589,545	624,010
Leases	99,399	78,175	—	—	99,399	78,175
Total	\$ 103,549	\$ 86,285	\$ 589,545	\$ 624,010	\$ 693,094	\$ 710,295

The County's total long-term bond debt decreased by \$17.2 million during the current fiscal year due to principal payments in the amount of \$77,289,000, offset by revenue bonds issued through the Urban Development Agency in the amount of \$35,435,000 and the Development Authority construction completed of \$24,653,000.

The County maintains a AAA credit rating from each of the three rating agencies that review public sector debt. Additional information regarding Gwinnett County's long-term debt can be found in [Note 8](#) on pages 87 – 93 of this report.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed taxable property valuation. The County currently has \$4,150,000 set aside for repayment of general obligation debt principal, which means the County has used none of its legal debt limitation of \$3,066,910,000.

# ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

As previously discussed in ["Assessing the County's Economic Condition"](#) in the Introductory section of this document, improvements in the housing, construction, and labor markets continue to indicate economic progress. The countywide tax digest has grown nearly 30 percent from 2013 to 2018, primarily due to rising home property values and new construction. From 2013 to 2018, the average value of a home in Gwinnett County rose approximately 56 percent from \$150,000 to \$234,000.

Gwinnett County took local economic factors and the County's priorities set by the Board of Commissioners into consideration when preparing the fiscal year 2019 budget. Developed within the framework of the County's five-year financial plan, the total budget, including operating and capital, is \$1,823,737,994, up from \$1,672,014,503 in 2018. With a focus on safety and quality of life, the 2019 budget includes funding to maintain core County services such as the jail, courts, police and fire protection, roads, transit, and water, as well as funding additions for new and ongoing initiatives reflective of the County's priorities set by the Board of Commissioners. The priorities include mobility and access, livability and comfort, strong and vibrant local economy, communication and engagement, smart and sustainable government, and safe and healthy community.



The 2019 operating budget totals \$1,385,257,488 compared to \$1,281,609,103 in 2018. The year-over-year increase is primarily due to increased personnel costs as the County adds necessary personnel and addresses compensation issues. Both the 2018 and 2019 operating budgets provided funding for new positions to help maintain service levels and meet the demands of a growing population. The 2018 budget added 152 new full-time positions, and the 2019 budget added 168 new full-time positions. Many of the new positions added in both 2018 and 2019 were in support of the safe and healthy community priority – both budgets funded new positions for Police, Fire and Emergency Services, and Sheriff. The 2019 operating budget adds 30 police officer positions, 42 Deputy Sheriff positions, two fire inspectors, and three Fire Academy instructors. In support of the mobility and access priority, the 2019 budget adds a transit contracts manager, an airport operations manager, and three positions to enhance support of the County’s roadways. The 2019 budget addresses the livability and comfort priority by supporting the library’s system’s outreach and educational efforts and providing funding for homelessness and affordable housing needs. In support of the communication and engagement priority, the 2019 budget funds education and outreach positions and continues community outreach programs. The 2019 budget supports the smart and sustainable government priority by adding asset management positions, customer service positions, and positions focused on improving efficiency levels. The continuation of workforce retention measures including 4 percent pay-for-performance increases and the continuation of longevity pay for eligible employees are also included in the 2019 budget. Cost saving measures such as continuing the 90-day vacancy policy remain in effect for 2019.

The 2019 capital budget totals \$438,480,506, up from \$390,405,400 in 2018. The increase in the capital budget is primarily due to increases in public works (i.e., water resources and transportation). Capital project budgets are adopted as multi-year project budgets. As a result, many of the same capital projects funded in 2018 will continue to be funded in 2019. In support of the safe and healthy community priority, both the 2018 and 2019 capital budgets included funding for the new Georgia State Patrol Post 51 and the Bay Creek Police Precinct/Alternate E-911 Center. Capital projects budgeted in both years in support of the mobility and access priority include the construction of or improvements to Park and Ride Lots, mid-life overhauls on express buses, various SPLOST-funded transportation improvements, and roadway maintenance and enhancements. In addition, the 2019 capital budget includes funding for airport improvements and the development of Harris Trail, which is part of the Countywide Trails Master Plan. Both the 2018 and 2019 capital budgets supported the comfort and livability priority by funding library relocations, the courthouse expansion and new parking deck, and the renovation and expansion of the Norcross Senior Center. In support of a strong and vibrant local economy, both the 2018 and 2019 capital budgets include funding for the expansion of the civic center, the construction of a Water Innovation Center, and a Small Business Resource Center.

Public involvement in the budget process continues to play a significant role in the development of the budget. Chairman Charlotte Nash, County staff, and five citizen reviewers studied departments’ and agencies’ business plans, budget requests, and revenue projections to make recommendations for the 2019 budget. The budget review team, together with the County’s financial staff, studied departmental business plans, budget needs, and revenue projections and made recommendations for the budget that align with the County’s priorities set by the Board of Commissioners. Departmental business plans and budget presentations made to the budget review team may be viewed at [www.tvgwinnett.com](http://www.tvgwinnett.com) under [Video on Demand – Budget Review Meetings](#).

The five citizen reviewers who served on the Chairman’s Budget Review Team for 2019 included: David Cuffie (CEO, Total Vision Consulting LLC), Norwood Davis (CFO, 12Stone Church), Santiago Martinez (President and CEO, Georgia Hispanic Chamber of Commerce), Keith Roche (Lawrenceville City Councilman and retired business executive), and Alida Sims (Social Worker, Regional Kinship Navigator, Georgia Department of Community Services Division of Family and Children Services). We would like to thank these individuals for their time spent considering the many budget proposals.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the CFO/Director of Financial Services, Gwinnett County, 75 Langley Drive, Lawrenceville, GA 30046.



# BASIC FINANCIAL STATEMENTS

*Governmentwide Financial Statements*  
*Fund Financial Statements*



# STATEMENT OF NET POSITION

December 31, 2018

(in thousands of dollars)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 512,744	148,373	661,117	97,053
Investments	238,890	97,032	335,922	—
Receivables, net of allowance	24,236	34,994	59,230	472
Internal balances	1,153	(1,153)	—	—
Due from other governments	70,599	4,130	74,729	2,395
Due from primary government	—	—	—	2,587
Inventories	1,686	3,511	5,197	—
Prepaid items	4,948	118	5,066	—
Restricted assets:				
Cash and cash equivalents	—	34,799	34,799	—
Lease receivable	342	—	342	—
Lease receivable from primary government	—	—	—	99,399
Noncurrent investments	473,908	188,390	662,298	—
Assets held for redevelopment	—	34,936	34,936	—
Capital assets:				
Land and construction in progress	840,159	266,913	1,107,072	—
Other capital assets, net of depreciation	1,689,094	3,573,234	5,262,328	1,063
Total assets	<u>3,857,759</u>	<u>4,385,277</u>	<u>8,243,036</u>	<u>202,969</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Pension related deferred outflows	69,354	9,344	78,698	5,539
OPEB related deferred outflows	23,475	3,392	26,867	2,510
Goodwill	—	487	487	—
Deferred charge on refunding of bonds	—	12,061	12,061	1,196
Total deferred outflows of resources	<u>92,829</u>	<u>25,284</u>	<u>118,113</u>	<u>9,245</u>
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable	34,717	37,806	72,523	8,892
Other accrued payables	16,323	2,272	18,595	703
Retainage payable	4,949	8,860	13,809	—
Accrued interest payable	2,587	7,444	10,031	—
Due to others	794	386	1,180	—
Due to other governments	110	—	110	—
Customer deposits	—	3,998	3,998	—
Unearned revenue	18	39,116	39,134	24
Long-term liabilities:				
Due within one year	33,396	63,112	96,508	4,787
Due in more than one year	514,397	633,810	1,148,207	228,368
Total liabilities	<u>607,291</u>	<u>796,804</u>	<u>1,404,095</u>	<u>242,774</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Pension related deferred inflows	—	—	—	1,218
OPEB related deferred inflows	—	—	—	2,605
Total deferred outflows of resources	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,823</u>
<b>NET POSITION:</b>				
Net investment in capital assets	2,420,755	3,240,775	5,661,530	907
Restricted for:				
Capital projects	657,515	—	657,515	—
Debt service	12,545	27,355	39,900	—
Special programs	94,012	—	94,012	—
Health programs	—	—	—	7,009
Unrestricted	158,470	345,627	504,097	(42,299)
Total net position	<u>\$ 3,343,297</u>	<u>3,613,757</u>	<u>6,957,054</u>	<u>(34,383)</u>

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

# STATEMENT OF ACTIVITIES

Year Ended December 31, 2018

(in thousands of dollars)

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-Type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 46,360	12,029	2,013	57	(32,261)	—	(32,261)	—
Public safety	287,516	39,790	1,480	1,251	(244,995)	—	(244,995)	—
Judiciary	181,372	28,619	4,745	4,333	(143,675)	—	(143,675)	—
Public works	110,798	7,826	23	25,207	(77,742)	—	(77,742)	—
Health and welfare	14,838	162	2,043	416	(12,217)	—	(12,217)	—
Culture and recreation	91,666	5,205	215	2,197	(84,049)	—	(84,049)	—
Housing and development	23,110	10,385	53	4,558	(8,114)	—	(8,114)	—
Tourism	3,707	—	—	—	(3,707)	—	(3,707)	—
Development authority	4,571	—	—	—	(4,571)	—	(4,571)	—
Interest on long-term debt	169	—	—	—	(169)	—	(169)	—
Total governmental activities	764,107	104,016	10,572	38,019	(611,500)	—	(611,500)	—
Business-type activities:								
Water and sewer	239,520	316,082	—	51,227	—	127,789	127,789	—
Airport	1,753	989	—	174	—	(590)	(590)	—
Economic development	405	106	—	—	—	(299)	(299)	—
Solid waste	43,170	44,438	—	—	—	1,268	1,268	—
Storm water	28,095	29,365	148	11,207	—	12,625	12,625	—
Transit	21,826	3,279	7,475	8,064	—	(3,008)	(3,008)	—
Total business-type activities	334,769	394,259	7,623	70,672	—	137,785	137,785	—
Total primary government	\$ 1,098,876	498,275	18,195	108,691	(611,500)	137,785	(473,715)	—
Component units:	\$ 51,603	8,644	21,815	—	—	—	—	(21,144)
General revenues:								
Property taxes					446,359	—	446,359	—
Sales taxes					162,436	—	162,436	—
Hotel motel taxes					11,287	—	11,287	—
Insurance premium tax					39,407	—	39,407	—
Business taxes					21,116	—	21,116	—
Other taxes					9,158	—	9,158	—
Lease interest income – development authority					—	—	—	4,523
Intergovernmental revenue from primary government, not restricted for specific programs					—	—	—	17,701
Intergovernmental revenue from State of Georgia not restricted for specific programs					—	—	—	1,201
Investment income					12,028	8,315	20,343	799
Miscellaneous					9,462	—	9,462	389
Total general revenues					711,253	8,315	719,568	24,613
Transfers					(19,621)	19,621	—	—
Total general revenues and transfers					691,632	27,936	719,568	24,613
Change in net position					80,132	165,721	245,853	3,469
Net position – beginning, as restated					3,263,165	3,448,036	6,711,201	(37,852)
Net position – ending					\$ 3,343,297	3,613,757	6,957,054	(34,383)

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

# GOVERNMENTAL FUNDS BALANCE SHEET

December 31, 2018

(in thousands of dollars)

	General	Fire and EMS District	Police Services District	Other Capital Projects	2009 Sales Tax	2014 Sales Tax	2017 Sales Tax	Other Governmental Funds	Total
<b>ASSETS:</b>									
Cash and cash equivalents	\$ 100,703	51,734	35,397	142,137	31,968	15,016	39,756	75,215	491,926
Investments	65,549	7,440	36,278	170,878	80,565	136,774	132,310	30,921	660,715
Receivables, net of allowance:									
Taxes	6,573	2,813	1,012	—	—	—	—	1,391	11,789
Accounts	801	5,850	575	799	202	473	561	1,226	10,487
Due from other funds	384	—	—	—	—	—	—	—	384
Due from other governments	—	—	36,494	—	6,242	6,615	16,256	4,992	70,599
Inventories	1,053	—	—	—	—	—	—	175	1,228
Prepaid items	783	73	392	—	—	—	—	168	1,416
Total assets	\$ <u>175,846</u>	<u>67,910</u>	<u>110,148</u>	<u>313,814</u>	<u>118,977</u>	<u>158,878</u>	<u>188,883</u>	<u>114,088</u>	<u>1,248,544</u>
<b>LIABILITIES:</b>									
Accounts payable	\$ 5,955	845	597	2,351	5,162	4,038	6,621	3,345	28,914
Due to other governments	—	—	—	—	—	—	—	110	110
Payroll payable	6,305	3,627	3,164	—	—	1	—	1,385	14,482
Retainage payable	—	—	—	338	2,011	1,323	1,265	12	4,949
Due to other funds	—	—	—	—	—	—	—	384	384
Due to others	145	—	96	—	70	100	—	383	794
Total liabilities	<u>12,405</u>	<u>4,472</u>	<u>3,857</u>	<u>2,689</u>	<u>7,243</u>	<u>5,462</u>	<u>7,886</u>	<u>5,619</u>	<u>49,633</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>									
Unavailable revenue	4,199	5,657	37,129	—	—	—	—	991	47,976
Total deferred inflows of resources	<u>4,199</u>	<u>5,657</u>	<u>37,129</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>991</u>	<u>47,976</u>
<b>FUND BALANCES:</b>									
Nonspendable	1,836	73	392	—	—	—	—	343	2,644
Restricted	—	57,708	68,770	211,368	111,734	153,416	180,997	106,806	890,799
Committed	—	—	—	—	—	—	—	329	329
Assigned	42,188	—	—	99,757	—	—	—	—	141,945
Unassigned	115,218	—	—	—	—	—	—	—	115,218
Total fund balance	<u>159,242</u>	<u>57,781</u>	<u>69,162</u>	<u>311,125</u>	<u>111,734</u>	<u>153,416</u>	<u>180,997</u>	<u>107,478</u>	<u>1,150,935</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>175,846</u>	<u>67,910</u>	<u>110,148</u>	<u>313,814</u>	<u>118,977</u>	<u>158,878</u>	<u>188,883</u>	<u>114,088</u>	<u>1,248,544</u>

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

# RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

December 31, 2018

(in thousands of dollars)

Fund balances – total governmental funds		\$ 1,150,935
Amounts reported for governmental activities in the statement of net position are different because:		
Long-term accounts receivable are not current financial resources and therefore are not reported in the governmental funds.		
Lease receivable	\$ 342	
Long-term accounts receivable	161	
	<hr/>	503
Capital assets are not reported in fund statements.		
Capital assets used in government activities are not current financial resources and therefore are not reported in the government funds.	2,527,703	
Capital assets used in internal service funds are reported in the governmental activities column of the governmentwide statement of net position.	1,550	
	<hr/>	2,529,253
Deferred outflows/(inflows) for governmental activities are not current financial resources and therefore are not reported in the governmental funds.		
Pension related deferred outflows	69,354	
OPEB related deferred outflows	23,475	
	<hr/>	92,829
Interest payable on capital lease to component unit is not accrued in the fund statements.		(2,587)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the governmental funds.		
General obligation bonds payable	(4,150)	
Lease payable to component unit	(99,399)	
Accrued leave	(25,885)	
Estimated claims payable	(13,669)	
Net pension liability is not recorded on the fund financial statements.	(325,521)	
Net OPEB liability is not recorded on the fund financial statements.	(79,169)	
	<hr/>	(547,793)
Revenue deferred in the governmental funds due to availability criteria is susceptible to full accrual on the government wide statements.		
Property tax	7,461	
Insurance premium tax	36,494	
Public safety – EMS	3,825	
Special assessments	196	
	<hr/>	47,976
Internal service funds are used to charge the cost of group insurance, risk management, fleet management, and administrative support services to individual funds. Assets and liabilities of these funds are included in governmental activities in the statement of net position.		
Internal service funds net position	28,148	
Less items accounted for above:		
Capital assets	(1,550)	
Pension related deferred outflows	(5,631)	
OPEB related deferred outflows	(2,747)	
Net pension liability	26,429	
Net OPEB liability	9,263	
Plus accrued leave already accounted for above	3,447	
Plus claims payable already accounted for above	13,669	
Plus amount due from enterprise funds	1,153	
	<hr/>	72,181
Net position of governmental activities		<hr/> <u>\$ 3,343,297</u>

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

# GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended December 31, 2018

(in thousands of dollars)

	General	Fire and EMS District	Police Services District	Other Capital Projects	2009 Sales Tax	2014 Sales Tax	2017 Sales Tax	Other Governmental Funds	Total
<b>REVENUES:</b>									
Taxes	\$ 265,357	98,792	106,874	—	—	—	162,436	55,532	688,991
Permits and licenses	403	865	4,290	—	—	—	—	4,538	10,096
Intergovernmental	3,973	790	295	—	5,857	7,640	6,495	15,241	40,291
Charges for services	29,035	16,329	1,268	—	—	—	—	33,487	80,119
Fines and forfeitures	3,727	—	7,712	42	—	—	—	2,111	13,592
Investment income (loss)	2,580	676	1,147	4,691	2,468	3,204	2,646	1,427	18,839
Miscellaneous	2,745	228	563	2,299	13	170	17	3,459	9,494
Total revenues	<u>307,820</u>	<u>117,680</u>	<u>122,149</u>	<u>7,032</u>	<u>8,338</u>	<u>11,014</u>	<u>171,594</u>	<u>115,795</u>	<u>861,422</u>
<b>EXPENDITURES:</b>									
Current operating:									
General government	32,085	—	121	—	—	—	—	—	32,206
Public safety	22,419	103,919	93,976	—	—	—	—	17,933	238,247
Judiciary	155,551	—	3,964	—	—	—	—	1,470	160,985
Public works	18,107	—	—	—	—	—	—	7,479	25,586
Health and welfare	11,701	—	—	—	—	—	—	—	11,701
Culture and recreation	21,511	—	—	—	—	—	—	34,704	56,215
Housing and development	2,601	692	1,207	—	—	—	—	6,291	10,791
Tourism	—	—	—	—	—	—	—	3,707	3,707
Development authority	—	—	—	—	—	—	—	6,634	6,634
Grant programs	—	—	—	—	—	—	—	13,036	13,036
Capital outlay	152	44	35	60,176	37,346	48,891	39,564	413	186,621
Debt service	—	—	—	—	—	—	—	4,249	4,249
Intergovernmental	106	—	—	—	—	—	34,501	3,787	38,394
Total expenditures	<u>264,233</u>	<u>104,655</u>	<u>99,303</u>	<u>60,176</u>	<u>37,346</u>	<u>48,891</u>	<u>74,065</u>	<u>99,703</u>	<u>788,372</u>
Revenues in excess of (less than) expenditures	<u>43,587</u>	<u>13,025</u>	<u>22,846</u>	<u>(53,144)</u>	<u>(29,008)</u>	<u>(37,877)</u>	<u>97,529</u>	<u>16,092</u>	<u>73,050</u>
<b>OTHER FINANCING SOURCES (USES):</b>									
Transfers in	1,334	6,190	3,055	70,180	—	—	—	919	81,678
Transfers out	(39,846)	(14,204)	(22,314)	(544)	—	—	—	(15,011)	(91,919)
Capital lease proceeds	—	—	—	24,653	—	—	—	—	24,653
Other financing sources (uses), net	<u>(38,512)</u>	<u>(8,014)</u>	<u>(19,259)</u>	<u>94,289</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(14,092)</u>	<u>14,412</u>
Net change in fund balances	5,075	5,011	3,587	41,145	(29,008)	(37,877)	97,529	2,000	87,462
Fund balances – January 1	<u>154,167</u>	<u>52,770</u>	<u>65,575</u>	<u>269,980</u>	<u>140,742</u>	<u>191,293</u>	<u>83,468</u>	<u>105,478</u>	<u>1,063,473</u>
Fund balances – December 31	<u>\$ 159,242</u>	<u>57,781</u>	<u>69,162</u>	<u>311,125</u>	<u>111,734</u>	<u>153,416</u>	<u>180,997</u>	<u>107,478</u>	<u>1,150,935</u>

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

# RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2018

(in thousands of dollars)

Net change in fund balances – total governmental funds	\$ 87,462
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays reported in the governmental funds exceed depreciation expense recorded in the statement of activities as follows:	
Capital expenditures – general	\$ 186,621
Capital expenditures reclassified as expense	(56,838)
Depreciation expense – general capital assets	(90,941)
	<u>38,842</u>
Contributions of capital assets are not recorded in governmental funds	5,195
The loss on disposition of capital assets is not reported in the fund statements	(2,728)
Retirement of bonded debt is reported as an expenditure in the fund statements but represents a reduction of liability balances on the governmentwide statement of net position.	3,960
The current years change in the net pension liability and the related deferred inflows and outflows of resources increases net expenses of pensionable functions on the governmentwide statements.	(21,160)
The current years change in the net OPEB liability and the related deferred inflows and outflows of resources increases net expenses of pensionable functions on the governmentwide statements.	(3,882)
Accounting loss on defeasance of debt and premium on bonds payable are reported as expenditures or reduction of related expenditures on the fund statements, but are recorded as deferred charges or premiums on the accrual based governmentwide statements and amortized as follows:	
Amortization of deferred loss of bond refunding	(42)
Amortization of premium on bonds	162
Accrued interest payable to component unit is not included on the fund financial statements.	(1,367)
Lease payments to the Development Authority are reported as expenditures in the fund statement and as a reduction of the lease payable in the governmentwide statements.	3,429
Internal Service funds are used to charge the cost of insurance, fleet, and administrative services activities to individual funds. A part of the net revenue (expense) of the internal service funds is reported with governmental activities	(6,276)
Accrued expenses related to compensated absences are not reported in the fund statements.	300
Proceeds on lease payable to the Development Authority are reported as revenue in the fund statements and as an increase in lease payable in the governmentwide statements	(24,653)
Capital lease revenue from View Point Health is reported as revenue for governmental activities and as a reduction of capital lease receivable in the governmentwide statements.	(73)
Some revenue earned is deferred in the governmental funds due to availability criteria	963
Change in net position of governmental activities	<u>\$ 80,132</u>

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

# GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)

Year Ended December 31, 2018

(in thousands of dollars)

	Original Budget	Final Budget	Actual (non-GAAP budget basis)	Variance-positive (negative)
<b>REVENUES:</b>				
Taxes	\$ 246,171	262,871	265,357	2,486
Permits and licenses	363	363	403	40
Intergovernmental	3,585	3,585	3,973	388
Charges for services	27,328	27,328	29,035	1,707
Fines and forfeitures	4,304	4,304	3,727	(577)
Investment income	866	866	1,966	1,100
Miscellaneous	1,026	1,421	2,745	1,324
Total revenues	283,643	300,738	307,206	6,468
<b>EXPENDITURES:</b>				
Current operating:				
General government:				
Board of Commissioner	1,286	1,384	1,144	240
County Administration	2,303	1,603	1,078	525
Financial services	10,365	9,887	9,693	194
Tax commissioner	13,217	13,216	12,752	464
Total general government	27,171	26,090	24,667	1,423
Public safety:				
Police services	2,127	2,104	1,974	130
Correctional services	17,086	17,128	16,903	225
Total public safety	19,213	19,232	18,877	355
Judiciary:				
Courts	42,333	50,696	48,362	2,334
District attorney	15,062	15,088	14,214	874
Sheriff	89,916	91,453	88,371	3,082
Solicitor	5,386	5,361	4,679	682
Total judiciary	152,697	162,598	155,626	6,972
Public works				
	19,088	19,107	18,107	1,000
Health and welfare:				
Physical health	1,564	1,564	1,564	—
Indigent medical care	225	225	225	—
Gwinnett Sexual Assault Center	175	175	175	—
Various subsidized agencies	2,669	2,669	2,658	11
General community services	19,703	18,628	17,093	1,535
Total health and welfare	24,336	23,261	21,715	1,546
Culture and recreation:				
Library	18,460	18,461	18,437	24
Total culture and recreation	18,460	18,461	18,437	24
Housing and development:				
Planning and development	698	618	543	75
Total housing and development	698	618	543	75
Miscellaneous				
	20,122	10,236	6,261	3,975
Total expenditures	281,785	279,603	264,233	15,370
Revenues in excess of expenditures	1,858	21,135	42,973	21,838
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	165	165	1,334	1,169
Transfers out	(38,447)	(40,359)	(39,846)	513
Other financing sources (uses), net	(38,282)	(40,194)	(38,512)	1,682
Revenues and other financing sources more (less) than expenditures and other financing uses	(36,424)	(19,059)	4,461	23,520
Fund balance allocation	36,424	19,059	—	(19,059)
Fund balance – January 1	—	—	155,279	155,279
Fund balance – December 31	\$ —	—	159,740	159,740

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

# FIRE AND EMS DISTRICT FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)

Year Ended December 31, 2018

(in thousands of dollars)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (non-GAAP budget basis)</u>	<u>Variance-positive (negative)</u>
<b>REVENUES:</b>				
Taxes	\$ 93,721	97,521	98,792	1,271
Permits and licenses	901	901	865	(36)
Intergovernmental	622	622	790	168
Charges for services	15,486	15,486	16,329	843
Investment income	180	180	693	513
Miscellaneous	2	69	228	159
Total revenues	<u>110,912</u>	<u>114,779</u>	<u>117,697</u>	<u>2,918</u>
<b>EXPENDITURES:</b>				
Current operating:				
Public safety:				
Fire and emergency services	110,404	108,642	103,963	4,679
Total public safety	<u>110,404</u>	<u>108,642</u>	<u>103,963</u>	<u>4,679</u>
Housing and development:				
Planning and development	795	703	692	11
Total housing and development	<u>795</u>	<u>703</u>	<u>692</u>	<u>11</u>
Miscellaneous	1,280	1,280	—	1,280
Total expenditures	<u>112,479</u>	<u>110,625</u>	<u>104,655</u>	<u>5,970</u>
Revenues in excess of (less than) expenditures	<u>(1,567)</u>	<u>4,154</u>	<u>13,042</u>	<u>8,888</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	5,860	6,369	6,190	(179)
Transfers out	(2,239)	(14,239)	(14,204)	35
Other financing sources (uses), net	<u>3,621</u>	<u>(7,870)</u>	<u>(8,014)</u>	<u>(144)</u>
Revenues and other financing sources more (less) than expenditures and other financing uses	2,054	(3,716)	5,028	8,744
Fund balance allocation	<u>(2,054)</u>	<u>3,716</u>	<u>—</u>	<u>(3,716)</u>
Fund balance – January 1	—	—	52,794	52,794
Fund balance – December 31	<u>\$ —</u>	<u>—</u>	<u>57,822</u>	<u>57,822</u>

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

# POLICE SERVICES DISTRICT FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)

Year Ended December 31, 2018

(in thousands of dollars)

	Original Budget	Final Budget	Actual (non-GAAP budget basis)	Variance-positive (negative)
<b>REVENUES:</b>				
Taxes	\$ 92,687	104,629	106,874	2,245
Permits and licenses	4,086	4,086	4,290	204
Intergovernmental	255	255	295	40
Charges for services	785	785	1,268	483
Fines and forfeitures	8,126	8,126	7,712	(414)
Investment income	350	350	1,115	765
Miscellaneous	382	382	563	181
Total revenues	106,671	118,613	122,117	3,504
<b>EXPENDITURES:</b>				
Current operating:				
Public safety:				
Police services	100,980	100,151	92,513	7,638
Total public safety	100,980	100,151	92,513	7,638
Judiciary:				
Courts	1,751	1,794	1,515	279
Solicitor	738	793	686	107
Recorder's court	1,855	1,830	1,761	69
Total judiciary	4,344	4,417	3,962	455
Housing and development:				
Planning and development	1,059	1,320	1,207	113
Total housing and development	1,059	1,320	1,207	113
Miscellaneous	3,497	3,053	1,621	1,432
Total expenditures	109,880	108,941	99,303	9,638
Revenues in excess of (less than) expenditures	(3,209)	9,672	22,814	13,142
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	2,930	3,185	3,055	(130)
Transfers out	(7,314)	(22,314)	(22,314)	–
Other financing (uses), net	(4,384)	(19,129)	(19,259)	(130)
Revenues and other financing sources more (less) than expenditures and other financing uses	(7,593)	(9,457)	3,555	13,012
Fund balance allocation	7,593	9,457	–	(9,457)
Fund balance – January 1	–	–	66,111	66,111
Fund balance – December 31	\$ –	–	69,666	69,666

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

# PROPRIETARY FUNDS STATEMENT OF NET POSITION

December 31, 2018

(in thousands of dollars)

	Enterprise Funds				Internal Service Funds
	Water and Sewerage	Stormwater	Other Enterprise Funds	Total Enterprise Funds	
<b>ASSETS:</b>					
Current assets:					
Cash and cash equivalents	\$ 89,255	13,659	45,459	148,373	20,818
Investments	78,383	12,207	6,442	97,032	7,011
Accounts receivable, net of allowance	32,536	1,256	1,202	34,994	1,799
Due from other governments	—	21	4,109	4,130	—
Inventories	3,511	—	—	3,511	458
Prepaid items	90	28	—	118	3,532
Restricted cash and cash equivalents	34,799	—	—	34,799	—
Total current assets	238,574	27,171	57,212	322,957	33,618
Noncurrent assets:					
Investments	141,697	19,988	26,705	188,390	45,072
Assets held for redevelopment	—	—	34,936	34,936	—
Land and construction in progress	241,888	4,621	20,404	266,913	536
Other capital assets, net of depreciation	3,055,618	490,815	26,801	3,573,234	1,014
Total noncurrent assets	3,439,203	515,424	108,846	4,063,473	46,622
Total assets	3,677,777	542,595	166,058	4,386,430	80,240
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>					
Pension related deferred outflows	8,141	1,044	159	9,344	5,631
OPEB related deferred outflows	2,912	383	97	3,392	2,747
Deferred charge on refunding of bonds	12,061	—	—	12,061	—
Goodwill	487	—	—	487	—
Total deferred outflows of resources	23,601	1,427	256	25,284	8,378
<b>LIABILITIES:</b>					
Current liabilities:					
Accounts payable	28,923	2,685	6,198	37,806	5,803
Payroll payable	1,989	213	70	2,272	1,841
Retainage payable	8,860	—	—	8,860	—
Accumulated leave benefits – current	2,059	182	65	2,306	2,103
Estimated claims payable – current	—	—	—	—	6,848
Customer deposits payable	3,998	—	—	3,998	—
Accrued interest payable – from restricted assets	7,444	—	—	7,444	—
Due to others	—	278	108	386	—
Notes payable – current	2,623	253	—	2,876	—
Revenue bonds payable – current – from restricted assets	56,300	—	1,630	57,930	—
Unearned revenue	70	—	39,046	39,116	18
Total current liabilities	112,266	3,611	47,117	162,994	16,613
Noncurrent liabilities:					
Accumulated leave benefits	1,162	111	41	1,314	1,344
Estimated claims payable	—	—	—	—	6,821
Notes payable	30,846	3,470	—	34,316	—
Revenue bonds payable	509,081	—	33,805	542,886	—
Net pension liability	38,212	4,904	743	43,859	26,429
Net OPEB liability	9,820	1,290	325	11,435	9,263
Total noncurrent liabilities	589,121	9,775	34,914	633,810	43,857
Total liabilities	701,387	13,386	82,031	796,804	60,470
<b>NET POSITION:</b>					
Net investment in capital assets	2,701,857	491,713	47,205	3,240,775	1,550
Restricted for debt service	27,355	—	—	27,355	—
Unrestricted	270,779	38,923	37,078	346,780	26,598
Total net position	\$ 2,999,991	530,636	84,283	3,614,910	28,148
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds				(1,153)	
Net position of business-type activities				\$ 3,613,757	

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

# PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

Year Ended December 31, 2018

(in thousands of dollars)

	Enterprise Funds				
	Water and Sewerage	Stormwater	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>OPERATING REVENUES:</b>					
Residential and commercial service	\$ 302,972	—	—	302,972	—
Wholesale service	4,760	—	—	4,760	—
Public fire protection charges	701	—	—	701	—
Connection charges	1,356	—	—	1,356	—
Operating lease income and rental income from individual hangars	—	—	986	986	—
Charges to other funds	—	—	—	—	124,983
Employee contributions	—	—	—	—	6,254
User fees and charges	—	29,359	47,785	77,144	—
Miscellaneous	6,293	6	41	6,340	1,649
Total operating revenues	<u>316,082</u>	<u>29,365</u>	<u>48,812</u>	<u>394,259</u>	<u>132,886</u>
<b>OPERATING EXPENSES:</b>					
Water production	13,253	—	—	13,253	—
Distribution and collection	35,013	—	—	35,013	—
Engineering	6,959	—	—	6,959	—
Reclamation	33,956	—	—	33,956	—
Vehicle maintenance and repair	—	—	—	—	4,327
Benefit claims	—	—	—	—	32,291
Insurance premiums	—	—	—	—	29,818
Depreciation and amortization	97,278	15,521	3,965	116,764	375
Transit operations	—	—	18,525	18,525	—
General and administrative	32,414	11,427	41,802	85,643	73,319
Total operating expenses	<u>218,873</u>	<u>26,948</u>	<u>64,292</u>	<u>310,113</u>	<u>140,130</u>
Operating income (loss)	<u>97,209</u>	<u>2,417</u>	<u>(15,480)</u>	<u>84,146</u>	<u>(7,244)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>					
Intergovernmental	—	148	7,475	7,623	—
Investment earnings	6,454	735	1,126	8,315	1,507
Interest expense	(19,896)	(116)	(359)	(20,371)	—
Loss on disposal of capital assets	(598)	(1,013)	(2,492)	(4,103)	40
Total non-operating revenues (expenses)	<u>(14,040)</u>	<u>(246)</u>	<u>5,750</u>	<u>(8,536)</u>	<u>1,547</u>
Income (loss) before transfers and contributions	<u>83,169</u>	<u>2,171</u>	<u>(9,730)</u>	<u>75,610</u>	<u>(5,697)</u>
Capital contributions	51,227	19,826	8,238	79,291	—
Transfers in	158	124	11,044	11,326	2
Transfers out	(165)	—	(159)	(324)	(763)
Change in net position	134,389	22,121	9,393	165,903	(6,458)
Net position – January 1, as restated	<u>2,865,602</u>	<u>508,515</u>	<u>74,890</u>		<u>34,606</u>
Net position – December 31	<u>\$ 2,999,991</u>	<u>530,636</u>	<u>84,283</u>		<u>28,148</u>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds				(182)	
Change in net position of business-type activities				\$ 165,721	

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

# PROPRIETARY FUNDS STATEMENT OF CASH FLOWS

Year Ended December 31, 2018

(in thousands of dollars)

	Enterprise Funds				
	Water and Sewerage	Stormwater	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from customers	\$ 315,649	29,353	44,459	389,461	132,305
Cash payments to suppliers for goods and services	(66,733)	(6,658)	(58,424)	(131,815)	(33,212)
Cash payments to employees for services	(47,379)	(5,295)	(1,543)	(54,217)	(42,249)
Claims and premiums paid	—	—	—	—	(60,909)
Net cash flows provided/(required) by operating activities	201,537	17,400	(15,508)	203,429	(4,065)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Operating grants	—	216	5,996	6,212	—
Transfers from other funds	123	—	11,044	11,167	2
Transfers (to) other funds	(165)	—	—	(165)	(763)
Net cash provided/(required) by noncapital activities	(42)	216	17,040	17,214	(761)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Capital grants	—	—	2,622	2,622	—
Acquisition and construction of capital assets	(153,600)	(19,863)	(39,370)	(212,833)	(652)
Proceeds from sale of capital assets	145	42	43	230	40
Proceeds from bond issuance	—	—	35,435	35,435	—
Principal payments – revenue bonds	(69,900)	—	—	(69,900)	—
Payment of bond issue costs	—	—	(359)	(359)	—
Principal payments – notes payable	(2,545)	(246)	—	(2,791)	—
Interest paid	(20,877)	(116)	—	(20,993)	—
Capital contributed by others	24,617	—	—	24,617	—
Net cash (required) by capital and related financing activities	(222,160)	(20,183)	(1,629)	(243,972)	(612)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Proceeds from the sale of investments	111,491	7,457	19,221	138,169	122,826
Purchase of investments	(156,730)	(14,282)	(10,717)	(181,729)	(119,889)
Investment earnings	6,391	734	1,190	8,315	1,382
Net cash provided/(required) by investing activities	(38,848)	(6,091)	9,694	(35,245)	4,319
Net increase (decrease) in cash and cash equivalents	(59,513)	(8,658)	9,597	(58,574)	(1,119)
Cash and cash equivalents at beginning of year	183,567	22,317	35,862	241,746	21,937
Cash and cash equivalents at end of year	\$ 124,054	13,659	45,459	183,172	20,818
<b>Reconciliation of operating income (loss) to net cash provided/(required) by operating activities:</b>					
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$ 97,209	2,417	(15,480)	84,146	(7,244)
Adjustments to reconcile operating income (loss) to net cash provided/(required) by operating activities:					
Depreciation and amortization	97,278	15,521	3,965	116,764	375
<b>CHANGE IN ASSETS AND LIABILITIES:</b>					
Changes in net pension liability and related deferred inflows of resources	1,446	409	478	2,333	2,577
Changes in net OPEB liability and related deferred inflows of resources	545	72	19	636	514
(Increase) in receivables	(444)	(12)	(26)	(482)	(583)
Decrease in inventories	754	—	—	754	2
(Increase) decrease in prepaid items	212	—	4	216	(331)
Increase (decrease) in payables	4,366	(874)	(210)	3,282	(733)
Increase (decrease) in payroll payables	158	(53)	—	105	—
(Decrease) in unearned revenue	(36)	—	(4,328)	(4,364)	—
Increase (decrease) in other liabilities	49	(80)	70	39	1,358
Net cash provided/(required) by operating activities	\$ 201,537	17,400	(15,508)	203,429	(4,065)
Non-cash capital contributed by others	\$ 26,645	19,826	5,689	52,160	—
Non-cash capital contributed (to)/from other funds	\$ 35	124	(159)	—	—

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

# FIDUCIARY FUNDS STATEMENT OF FIDUCIARY NET POSITION

December 31, 2018

(in thousands of dollars)

	Agency Funds	Pension and OPEB Trust Funds
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 47,781	22,869
Investments, at fair value:		
U.S. treasury bonds	—	44,943
Asset-backed securities	—	13,973
U.S. governmental agencies	—	49,552
Commercial mortgage-backed securities	—	9,250
Corporate bonds	—	62,741
Collateralized mortgage obligations	—	16,194
Corporate equities	—	560,738
International equities	—	213,302
Preferred stock	—	2,922
Global fixed income	—	97,045
Total investments	—	1,070,660
Securities lending collateral investment pool	—	71,366
Contributions receivable from employer	—	3
Prepaid assets	—	6,661
Taxes receivable	21,887	—
Total assets	\$ 69,668	1,171,559
<b>LIABILITIES:</b>		
Accounts payable	\$ —	2,439
Liability for securities lending agreement	—	71,366
Due to others	69,668	—
Total liabilities	\$ 69,668	73,805
<b>NET POSITION:</b>		
Net position – restricted for pension benefits		965,241
Net position – restricted for OPEB		132,513
Total net position		\$ 1,097,754

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

# PENSION AND OPEB TRUST FUNDS STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended December 31, 2018

(in thousands of dollars)

## ADDITIONS:

Contributions:

Employer	\$ 52,282
Employee	6,419
Total contributions	<u>58,701</u>

Investment income:

Net decrease in the fair value of investments	(84,756)
Securities lending income	120
Interest and dividends	27,220
	<u>(57,416)</u>

Less – Investment expense	(4,806)
Securities lending expense	(14)
Net investment (loss)	<u>(62,236)</u>

Total decreases	<u>(3,535)</u>
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## DEDUCTIONS:

Benefits paid	79,594
Insurance premiums	1,654
Administrative expenses	1,374
Total deductions	<u>82,622</u>

Net decrease in fiduciary net position	(86,157)
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Net position – restricted for pension and OPEB:

Beginning of year	<u>1,183,911</u>
End of year	<u>\$ 1,097,754</u>

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

# COMPONENT UNITS COMBINING STATEMENT OF NET POSITION

December 31, 2018

(in thousands of dollars)

	Public Library	Development Authority	Health Department	Total
<b>ASSETS:</b>				
Current assets:				
Cash and cash equivalents	\$ 7,487	76,871	12,695	97,053
Receivables, net of allowance	472	—	—	472
Lease receivable from primary government, current portion	—	3,955	—	3,955
Due from primary government	—	2,587	—	2,587
Due from other governments	—	—	2,395	2,395
Total current assets	7,959	83,413	15,090	106,462
Noncurrent assets:				
Lease receivable from primary government	—	95,444	—	95,444
Capital assets, net of depreciation	706	—	357	1,063
Total noncurrent assets	706	95,444	357	96,507
Total assets	8,665	178,857	15,447	202,969
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Pension experience differences	933	—	187	1,120
Pension assumption changes	213	—	39	252
Proportionate share of pension contributions	5	—	219	224
Pension contributions subsequent to the measurement date	968	—	2,975	3,943
OPEB investment differences	12	—	68	80
Proportionate share of OPEB contributions	—	—	227	227
OPEB contributions subsequent to the measurement date	250	—	1,953	2,203
Deferred charge on refunding of bonds	—	1,196	—	1,196
Total deferred outflows of resources	2,381	1,196	5,668	9,245
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable	481	7,556	855	8,892
Accrued salaries and related payments	703	—	—	703
Unearned revenue	—	—	24	24
Total current liabilities	1,184	7,556	879	9,619
Noncurrent liabilities:				
Due within one year	109	3,955	723	4,787
Due in more than one year	27,025	168,969	32,374	228,368
Total noncurrent liabilities	27,134	172,924	33,097	233,155
Total liabilities	28,318	180,480	33,976	242,774
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Pension experience differences	29	—	—	29
Pension investment differences	385	—	—	385
Proportionate share of pension contributions	761	—	43	804
OPEB experience differences	274	—	—	274
OPEB assumption changes	1,003	—	1,150	2,153
OPEB investment differences	—	—	157	157
Proportionate share of OPEB contributions	20	—	1	21
Total deferred inflows of resources	2,472	—	1,351	3,823
<b>NET POSITION:</b>				
Net investment in capital assets	550	—	357	907
Restricted for health programs	—	—	7,009	7,009
Unrestricted	(20,294)	(427)	(21,578)	(42,299)
Total net position (deficit)	\$ (19,744)	(427)	(14,212)	(34,383)

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

# COMPONENT UNITS COMBINING STATEMENT OF ACTIVITIES

Year Ended December 31, 2018

(in thousands of dollars)

	Expenses	Program Revenues		Public Library Total	Development Authority Total	Health Department Total	Total
		Charges for Services	Operating Grants and Contributions				
Public library	\$ 19,861	1,079	453	(18,329)	—	—	(18,329)
Development authority	5,427	13	—	—	(5,414)	—	(5,414)
Health department	26,315	7,552	21,362	—	—	2,599	2,599
Total component units	\$ 51,603	8,644	21,815	(18,329)	(5,414)	2,599	(21,144)
General Revenues:							
Lease interest income – development authority				—	4,523	—	4,523
Intergovernmental revenue from primary government, not restricted for specific programs				17,701	—	—	17,701
Intergovernmental revenue from State of Georgia, not restricted for specific programs				1,201	—	—	1,201
Investment income				44	755	—	799
Miscellaneous				—	389	—	389
Total general revenues				18,946	5,667	—	24,613
Change in net position				617	253	2,599	3,469
Net position (deficit) – beginning, as restated				(20,361)	(680)	(16,811)	(37,852)
Net position (deficit) – ending				\$ (19,744)	(427)	(14,212)	(34,383)

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



# DID YOU KNOW

*Fire and Emergency Services distributed and installed 3,332 smoke alarms in 2018.*

# NOTES TO THE FINANCIAL STATEMENTS



# NOTES TO THE FINANCIAL STATEMENTS

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# NOTE 1.

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## Summary of Significant Accounting Policies

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

### A. Reporting entity

The County operates under a Commission-County Administrator form of government. As required by GAAP, the financial statements of the reporting entity include those of the County (the primary government) and its component units. The component units discussed below are included in the County’s reporting entity because of the significance of their operational and financial relationships with the County. In conformity with GAAP, as set forth in the Statement of Governmental Accounting Standards No. 14, “The Financial Reporting Entity,” as amended by GASB Statements No. 39 and 61, the component units’ financial statements have been included as blended or discretely presented component units. Blended component units, although legally separate entities, are in substance part of the County’s operations, so financial data from these units are combined with the financial data of the primary government. Each discretely presented component unit, on the other hand, is reported separately in the governmentwide financial statements to emphasize that it is legally separate from the County. The component units’ financial information disclosed within the governmentwide financial statements reflects the most recently audited financial statements. The following is a brief review of each component unit addressed in defining the government’s reporting entity.

#### Included with the reporting entity as Blended Component Units:

The **Airport Authority**, consisting of a five-member board, is appointed by the governing authority of the County. The Airport Authority provides a means to issue revenue bonds for airport facilities. Although it is legally separate from the County, the Airport Authority is reported as if it were part of the primary government because its sole purpose is to finance, construct, equip, and maintain the County airport facility. Bond issuance authorizations are approved by the County and the County is legally obligated to provide resources in case there are deficiencies in debt service payments. At December 31, 2018, the authority had no assets, liabilities, or fund equity. In addition, during 2018, the authority had no revenues or expenses.

The **Public Facilities Authority**, consisting of a three-member board, is appointed by the governing authority of the County. The Public Facilities Authority provides a means to issue revenue bonds. Although it is legally separate from the County, the authority is reported as if it were a part of the primary government because its sole purpose is to finance, construct, equip, expand, and maintain County fire station facilities. Bond issuance authorizations are approved by the County and the County is legally obligated to provide resources in case there are deficiencies in debt service payments. At December 31, 2018, the authority had no assets, liabilities, or fund equity. In addition, during 2018, the authority had no revenues or expenses.

The **Recreation Authority**, consisting of a nine-member board, is appointed by the governing authority of the County. The Recreation Authority provides a means to issue revenue bonds for park facilities. Although it is legally separate from the County, the Recreation Authority is reported as if it were a part of the primary government because its sole purpose is to finance, construct, equip, and expand County park facilities. Bond issuance authorizations are approved by the County’s governing authority and the County is legally obligated to provide resources in case there are deficiencies in debt service payments. At December 31, 2018, the authority had no assets, liabilities, or fund equity. In addition, during 2018, the authority had no revenues or expenses.

The **Stormwater Authority**, consisting of a seven-member board, is appointed by the governing authority of the County. The Stormwater Authority provides a means to issue revenue bonds for stormwater infrastructure. Although it is legally separate from the County, the Stormwater Authority is reported as if it were a part of the primary government because its sole purpose is to finance, construct, expand, improve, and maintain stormwater management systems and facilities for the County. Bond issuance authorizations are approved by the governing authority of the County and the County is legally obligated to provide resources in case there are deficiencies in debt service payments and resources are not available from any other remedies. At December 31, 2018, the authority had no assets, liabilities, or fund equity. In addition, during 2018, the authority had no revenues or expenses.

The **Urban Redevelopment Agency** consists of a five-member board that is the same as the governing board of the County. The Urban Redevelopment Agency provides a means to issue revenue bonds. Although it is legally separate from the County, the authority is reported as if it were a part of the primary government because its sole purpose is to finance, construct, equip, and expand facilities and infrastructure for County redevelopment purposes and its board is made up of members of the governing board of the County. Bond issuance authorizations are approved by the County and the County is legally obligated to provide resources in case there are deficiencies in debt service payments. The 2018 activity of the Urban Redevelopment Agency included issuing \$35.4 million in revenue bonds to purchase assets for redevelopment. This activity is reported in the Economic Development Fund (non-major enterprise fund) financial statements.

The **Water and Sewerage Authority**, consisting of a five-member board, is appointed by the governing authority of the County. The Water and Sewerage Authority provides a means to issue revenue bonds for water and sewer facilities. Although it is legally separate from the County, the Water and Sewerage Authority is reported as if it were a part of the primary government because its sole purpose is to finance, construct, equip, and expand County water treatment and transmission facilities. Bond issuance authorizations are approved by the governing authority of the County and the County is legally obligated to provide resources in case there are deficiencies in debt service payments and resources are not available from any other remedies. The 2018 activity of the Water and Sewerage Authority included debt service on bonds. This activity is reported in the Water and Sewerage Fund financial statements.

Complete financial statements and/or audit statements of the individual blended component units may be obtained at the Gwinnett County Department of Financial Services located at:

75 Langley Drive  
Lawrenceville, GA 30046

**Included with the reporting entity as Discretely Presented Component Units:**

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

The Library operates on a fiscal year-end of December 31. Complete financial statements of the Library may be obtained at the entity's administrative office at the following address:

Gwinnett County Public Library  
1001 Lawrenceville Highway  
Lawrenceville, GA 30046

The **Development Authority of Gwinnett County** consists of a seven-member board appointed by the governing authority of the County. The Development Authority's sole purpose is to finance the acquisition or construction of industrial and commercial facilities deemed to be in the public interest through the issuance of bonds. These bonds are issued on behalf of various public or private entities, including the Gwinnett County Board of Education. Neither the Authority, the County, the state, nor any political subdivision thereof is obligated in any manner for repayment of these bonds except for the issuances described below. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. In 2001, the Development Authority issued revenue bonds for the expansion of the Gwinnett Center, also known as the Infinite Energy Center. The County has entered into a lease agreement with the Development Authority to lease the Center for a 30-year period. The 2001 bonds were refinanced in 2010. In 2007, the Development Authority issued revenue bonds for a parking deck at the Infinite Energy Center. In 2008, the Development Authority issued revenue bonds to build the baseball stadium, known as Coolray Field, and a recycling center. The recycling bonds were cash-defeased in 2010. In early 2017, Gwinnett County and its Development Authority completed the refunding of selected maturities of 2008 Stadium Bonds. The date of issuance for these bonds was January 26, 2017. In 2018, the Development Authority issued revenue bonds for the Gwinnett Center Expansion and Parking Deck Project. The County has pledged hotel/motel tax revenues to the Development Authority to satisfy the lease payments for these issues in an amount equal to the required debt service of the bonds (see [Note 8](#) for more information). Therefore, due to these agreements, a significant financial relationship exists, and the Development Authority is reported as a discretely presented component unit. The Development Authority operates on a fiscal year-end of December 31.

Complete financial statements of the individual component unit may be obtained at the Gwinnett County Department of Financial Services located at:

75 Langley Drive  
Lawrenceville, GA 30046

The **Gwinnett County Board of Health** d/b/a the Gwinnett County Health Department is considered a discretely presented component unit based upon the criteria in GASB Statements No. 14 and 61. The Board of Health consists of seven members. Two members are appointed by the City of Lawrenceville. The Gwinnett Board of Commissioners appoints three members, and the Chairman of the Board of Commissioners (or their designee) serves as a member. The County Superintendent of Schools rounds out the membership. County appointments or members make up the majority of the Board of Health. The County contributed approximately 5.4 percent of the board's revenues during its fiscal year ended June 30, 2018. Because the County appoints the majority of the board and because of the financial relationship between the Health Department and the County, the Health Department is reported as a discretely presented component unit.

The Board of Health operates on a June 30 fiscal year. The financial information presented for this discretely presented component unit is as of June 30, 2018.

The County does not prepare the financial statements of the Board of Health. The Board of Health engages other auditors to perform an audit of its financial records. Complete financial statements of the Gwinnett County Health Department may be obtained at the following address:

GNR Health  
2570 Riverside Parkway  
Lawrenceville, GA 30046

#### **Related Organizations**

The **Housing Authority of Gwinnett County** (the "Housing Authority") is considered a related organization based upon the criteria in GASB Statement No. 14. Pursuant to *Official Code of Georgia Annotated (O.C.G.A.) §8-3-4*, the Housing Authority is a separate legal entity from Gwinnett County. Further, pursuant to *O.C.G.A. §8-3-50*, the County appoints a voting majority of the Housing Authority members. However, the County is not able to impose its will upon the Housing Authority nor does a financial benefit/burden relationship exist between them.

The **Arts Facility Authority** is considered a related organization based upon the criteria in GASB Statement No. 14. The Arts Facility Authority is a separate legal entity from Gwinnett County. The County appoints the five-member board of the Arts Facility Authority. However, the County is not able to impose its will upon the Arts Facility Authority nor does a financial benefit/burden relationship exist between them.

### **Joint Venture**

The Atlanta Regional Commission (the "ARC") is considered a joint venture based upon the criteria in GASB Statement No. 14. Under Georgia law, the County, in conjunction with other cities and counties in the 10-county metropolitan Atlanta, Georgia area, is a member of the ARC. Membership in a Regional Commission (RC) is required by *O.C.G.A. §50-8-34*, which provides for the organizational structure of the RC in Georgia. The County paid dues in the amount of \$985,400 to the ARC for the year ended December 31, 2018. The RC Board membership includes the chief elected official of each county and municipality of the area. *O.C.G.A. §50-8-39.1* provides that the member governments are liable for any debts or obligations of an RC. Complete financial statements of the RC may be obtained at the following address:

Atlanta Regional Commission  
40 Courtland Street NE  
Atlanta, GA 30303

## **B. Governmentwide and fund financial statements**

The governmentwide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmentwide financial statements do not provide information by fund, but distinguish between the County's governmental activities and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from discretely presented component units. The statement of net position includes noncurrent assets and liabilities. In addition, the governmentwide statement of activities reflects depreciation expenses on the County's capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not considered program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the governmentwide financial statements. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The governmentwide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements (agency funds do not have a measurement focus but use the accrual basis of accounting). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government generally considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Major revenue sources which are susceptible to accrual are property tax, sales tax, insurance premium tax, and intergovernmental revenue. Similar

to accrual accounting, expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. In accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions," the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source. For 2018, the County has recorded a \$36.5 million receivable and unavailable revenue for insurance premium tax due from the state of Georgia for taxes collected in 2018, which will be paid to the County in 2019. The County has recorded a \$7.7 million receivable and unavailable revenue for property taxes and special assessments levied in 2018 and prior years, but expected to be collected in 2019 (adjusted for an allowance for doubtful accounts). The County also recorded a \$3.8 million receivable and unavailable revenue for emergency medical services provided in 2018 but expected to be collected in 2019 (adjusted for an allowance for doubtful accounts).

Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The non-major governmental and enterprise funds are aggregated into a single column within the respective fund financial statements.

**The County reports the following major governmental funds:**

The **General Fund** is Gwinnett County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Fire and Emergency Medical Services (EMS) District Fund** accounts for the revenues and expenditures attributable to the Fire and Emergency Medical Services District. This district includes all properties within unincorporated Gwinnett County and all cities except Loganville. The city of Loganville operates its own fire department, but residents and businesses continue to receive county-provided emergency medical services. Properties in this district are taxed based on the services they receive. Property taxes and ambulance fees are the major revenue sources for this fund and are restricted to provide fire and emergency medical services in the district.

The **Police Services District Fund** accounts for the revenues and expenditures attributable to the Police Services District. This district includes all properties within unincorporated Gwinnett County and cities that do not operate their own police departments. Gwinnett County is responsible for providing police protection within this district. Properties in this district are taxed based on the services they receive. Property taxes and Insurance Premium taxes are the major revenue sources for this fund. Minor resources include permits and licenses, fines and forfeitures, and charges for services. These revenues are restricted to provide police services in the district.

The **Other Capital Projects Fund** accounts for the financial resources to be used for the purchase and construction of major capital facilities, other than those accounted for in specific funds, which are not financed by the proprietary funds. The primary resource for this fund is contributions from governmental operating funds.

The **2009 Sales Tax Fund** accounts for the financial resources provided from the 2009 one percent Special Purpose Local Option Sales Tax. Such resources are to be used for libraries, parks and recreation, public safety, transportation project, and courthouse facilities.

The **2014 Sales Tax Fund** accounts for the financial resources provided from the 2014 one percent Special Purpose Local Option Sales Tax. Such resources are to be used for libraries, parks and recreation, public safety, transportation projects, and senior service facilities.

The **2017 Sales Tax Fund** accounts for the financial resources provided from the 2017 one percent Special Purpose Local Option Sales Tax. Such resources are to be used for libraries, parks and recreation, public safety, senior services facilities, transportation projects, and civic center expansion.

**The County reports the following major proprietary funds:**

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

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

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

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

**The County also reports the following fiduciary fund types:**

**Agency Funds** account for assets held by the government as an agent for the Tax Commissioner, Clerk of Courts, Recorder's Court, Sheriff, Probate Court, Juvenile Court, and Corrections. Agency Funds are accounted for on the full accrual basis of accounting.

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

**D. Cash, Cash Equivalents, and Investments**

Cash and cash equivalents include demand deposits and savings accounts with financial institutions and deposits with fiscal agents. State of Georgia statutes and the County's investment policy authorize the County to invest in direct obligations of the U.S. government; obligations insured or guaranteed by the U.S. government or a U.S. government agency; obligations of any U.S. government instrumentally or sponsored corporation; prime bankers' acceptances; obligations of the state of Georgia and its political subdivisions; certain collateralized repurchase agreements; certain customized and collateralized bank products; and the state of Georgia Office of State Treasurer Georgia Fund-1 Liquidity Pool. The County's non-participating interest-earning investment contracts are recorded at cost. The remaining investments are carried at fair value.

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

Operating funds are currently invested in the Georgia Fund 1 Liquidity Pool, Georgia Fund 1 Plus, certificates of deposit of short duration, and U.S. government agency securities. Operating funds are also held in non-interest bearing checking accounts insured by the Federal Deposit Insurance Corporation (FDIC) and collateralized through the Georgia Secure Deposit Program or maintained in fully collateralized, interest-bearing demand deposit, savings, and public funds money market accounts with financial institutions. Georgia Fund 1 and Georgia Fund 1 Plus operate as stable asset value investment pools and are rated AAf by Standard and Poor's. Georgia Fund 1 and Georgia Fund 1 Plus are managed by the Office of the State Treasurer under the policies included in Georgia Law *O.C.G.A. §36-83-1* and *§36-83-8*. The pools distribute earnings (net of management fees) on a monthly basis and determine participants' shares sold and redeemed based on \$1 per share. The pools also adjust the value of their investments to fair value as of year-end, and the County's investment in Georgia Fund 1 and Georgia Fund 1 Plus are reported at fair value. The County considers amounts held in Georgia Fund 1 and Georgia Fund 1 Plus as cash equivalents for financial statement presentation. (See [Note 3 – Cash, Cash Equivalents, and Investments](#) for additional information).

Pension and OPEB Trust Funds – The Pension and OPEB Trust Funds are authorized to invest in obligations of the United States Treasury or its agencies and instrumentalities; collateralized mortgage obligations; asset and mortgage-backed securities; taxable bonds that are obligations of any state and its agencies, instrumentalities, and political subdivisions; and certificates of deposit of national or state banks that are fully insured or collateralized by United States obligations. Additionally, they are authorized to invest in common stocks, money market instruments, and corporate bonds and debentures that are not in default as to principal and interest. Investments are recorded at fair value.

**E. Interfund Receivables/Payables**

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

**F. Inventories**

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

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond the balance sheet date are recorded as prepaid items. The cost of the related payment is recorded as an expenditure over the time the related services are provided (consumption method).

**H. Capital Assets**

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

Capital assets are recorded at historical cost. Donated capital assets are recorded at their acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s useful life are expensed as incurred.

Major outlays for capital assets and major improvements are capitalized as projects are constructed.

In 2018, the County early implemented the Governmental Accounting Standards Board Statement No. 89, “Accounting for Interest Cost Incurred before the End of a Construction Period”, therefore interest incurred during the construction period of capital assets is recorded as an expense and is not included as part of the capitalized value of the assets.

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

Assets	Years
Buildings	25 – 50
Infrastructure	45 – 50
Improvements (other than buildings)	10 – 99
Equipment	3 – 10
Vehicles	2 – 15

**I. Restricted Assets**

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

**J. Deferred Outflows/Inflows of Resources**

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County reports the deferred charge on debt refunding, goodwill, pension related deferred outflows of resources, and OPEB related deferred outflows of resources in the proprietary funds and the governmentwide statement of net position. A deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Goodwill results from transactions where the consideration provided exceeds the net position acquired. In accordance with the Governmental Accounting Standards Board Statement No. 69 as clarified by Statement No. 85, effective for 2018 and later years, Goodwill is reported as a deferred outflow of resources. This amount is deferred and amortized over future periods. Pension and OPEB related deferred outflows of resources are discussed more in [Note 12](#) and [Note 13](#).

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has unavailable revenue, which arises only under the modified accrual basis of accounting, that qualifies for reporting in this category on the governmental funds balance sheet. The following amounts are deferred and recognized as an inflow of resources in the period that the amounts become available:

Unavailable Revenues	General	Fire and EMS Services District	Police Services District	Non-major governmental	Total
Property taxes	\$ 4,199	\$ 1,832	\$ 635	\$ 795	\$ 7,461
Insurance premium taxes	—	—	36,494	—	36,494
Emergency medical services	—	3,825	—	—	3,825
Special assessments	—	—	—	196	196
Total	\$ 4,199	\$ 5,657	\$ 37,129	\$ 991	\$ 47,976

**K. Compensated Absences**

The liability for accumulated unpaid vacation pay, other salary-related payments, and accumulated sick pay benefits for employees in the Defined Contribution Pension Plan have been accrued in the proprietary funds and the governmentwide statements of net position as accumulated leave benefits. Accumulated sick pay for employees in the Defined Contribution Pension Plan has been accrued as the County has a policy in which it pays out in cash a portion of accumulated sick pay at retirement for these employees. The amount accrued for this sick pay has been estimated based on the amount which is probable to be paid. These amounts are not considered a current liability within the governmental fund types' balance sheets since they will be paid from appropriations of subsequent years.

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

**L. Estimated Claims Payable**

The liability for claims and judgments against the County, including the estimated liability for claims incurred but not reported at year-end, has been accrued in the County's Risk Management, Group Self-Insurance, and Auto Liability Funds (internal service funds), and the governmentwide statement of net position.

### M. Pension Plan(s) and Other Post-Employment Benefits

The County provides a defined benefit pension plan to a large segment of the workforce. Eligibility is based on employment status and a vesting period. Benefits are based on years of service and other factors. As of January 1, 2016, it is the County's policy to fund the service cost and amortization of any unfunded prior service cost over 17 years. As discussed in [Note 12](#), a defined contribution plan was established effective August 1, 2000, to provide retirement benefits for appointed employees, appointed officials, and elected officials. Effective January 1, 2007, all new eligible employees were required to participate in this plan, and the defined benefit plan was closed to new employees. The County provides certain other benefits to retirees and otherwise terminated employees as post-employment benefits.

### N. Long-term Obligations

In the governmentwide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are accrued and amortized over the life of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed upon issuance.

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

### O. Fund Balance

Fund balance represents the difference between assets and liabilities and deferred inflows of resources in reporting which utilizes the current financial resources measurement focus. In conformity with GAAP, as set forth in the Statement of Governmental Accounting Standards No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," the County established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balances are classified as follows:

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners through the adoption of a resolution. Only the Board of Commissioners, through a resolution, may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. The County Administrator, Deputy County Administrator, and Chief Financial Officer/Director of Financial Services collectively are authorized by the General Fund Operating Reserve Policy approved by the Board of Commissioners to assign fund balances for specific purposes in accordance with the intent and actions of the Board of Commissioners.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

In order to maintain 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, Gwinnett County operates under the following fund balance 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).

**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) in all special revenue operating funds that receive property tax revenue (i.e., Recreation District Fund), assess a fee directly to residents (i.e., Speed Hump Fund), or include operational expenditures for more than 25 employees (i.e., E-911 Fund). Amounts used in the special revenue funds reserve policy 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, which is reported as part of the Transit 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.

**P. Net Position**

Net position represents the difference between the assets and deferred outflows of resources, and the liabilities and deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the County has spent) for the acquisition, construction, or improvement of those assets. Net position is reported as restricted using the same definition used for restricted fund balance described in the section above. All other net position is reported as unrestricted.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Q. Interfund Transactions**

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

**R. Connection Charges**

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

**S. System Development Charges**

In the Water and Sewerage Fund, system development charges, in accordance with the *Water and Sewerage Ordinance*, are recorded as capital contributions.

**T. Statement of Cash Flows**

For purposes of the statement of cash flows, cash management pools, deposits in the Georgia Fund-1 state investment pool, and investments purchased with an original maturity date of three months or less are considered cash equivalents.

**U. Allocation of Indirect Expenses**

The County allocates indirect expenses of the General Fund and Administrative Support Fund to the enterprise funds and certain governmental functions based on their respective use of indirect services.

**V. Management Estimates**

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

**W. Restatement of 2017 Net Position**

In conformity with GAAP, as set forth in Statement no. 75 of the Governmental Accounting Standards Board, "Accounting and Financial Reporting for OPEB," 2017 net position has been restated for the effects of recording the net OPEB liability and related deferred outflows of resources and removing the previously reported net OPEB asset accounted for under prior standards. The funds restated include Enterprise and Internal Service Funds as well as both Governmental Activities and Business-type Activities in the Governmentwide statements.

The restatement affected the beginning net position in the governmentwide statements as follows:

	Governmentwide Statements			Fund Statements			
	Governmental Activities	Business-Type Activities	Component Units	Water and Sewer Fund	Stormwater Fund	Other Enterprise Funds	Internal Service Funds
2017 net position, as previously reported	\$ 3,352,570	\$ 3,455,445	\$ (9,259)	\$ 2,871,965	\$ 509,351	\$ 75,100	\$ 40,608
Effect of recording net OPEB liability on the Statement of Net Position	(89,405)	(7,409)	(28,593)	(6,363)	(836)	(210)	(6,002)
2017 net position, as restated	\$ 3,263,165	\$ 3,448,036	\$ (37,852)	\$ 2,865,602	\$ 508,515	\$ 74,890	\$ 34,606



## NOTE 2.

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### Legal Compliance – Budgets

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

1. Prior to December 1, the Chairman submits a proposed budget to the Board of Commissioners governing expenditures of all County funds for the fiscal year commencing the following January 1.
2. In December, the Board of Commissioners holds a public hearing on the proposed budget to obtain citizen comments.
3. The Board of Commissioners formally adopts the budget (or continuation budget if the Commission requires additional review of the proposed budget) at the first regular meeting in January of the current budget year. Once the Commission has agreed on the proposed budget, a resolution is adopted by the Commission replacing the proposed budget. A balanced budget is required by law. The budget specifies the anticipated funding sources for each fund and appropriations for proposed expenditures to the departments or organization units named in each fund.
4. Expenditures of any Operating Budget Fund or Capital Budget Fund shall not exceed the appropriations authorized by the budget and amendments thereto or actual funding sources, whichever is less.
5. 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.
6. Proceeds from the tax on insurance premiums in the amount of \$30,291,123 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 \$117,197,169 and remaining funding of \$86,906,046 anticipated from direct revenues and taxes.
7. Budgets for capital projects funds are adopted on a multi-year basis and appropriated annually. Any unspent budget at the end of the year is rolled forward to the next year.
8. 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.
9. 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.
10. 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.
11. The County's legal level of budgeting control (the level at which expenditures may not exceed appropriations) is at the department level for each fund for which a budget is required with the following provision:

Any increase in Appropriations in any Fund 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:

The Department Director to:

- (a) set fee structures provided that they are not restricted by rate setting policies and agreements; and
- (b) allocate funds previously approved between existing capital projects within the SPLOST Programs or Enterprise Funds within the same category of projects within Department or Agency.

The Director of Financial Services to:

- (a) allocate funds to appropriate Departments or Agency from insurance proceeds for the replacement or repair of damaged equipment items;
- (b) allocate funds from the established Judicial Reserve to appropriate Departments or Agency for required expenses;
- (c) allocate funds from the established Prisoner Medical Reserve to various Funds, Departments or Agency when required to cover expenses;
- (d) allocate funds from the established Indigent Defense Reserve to appropriate Departments or Agency for required expenses;
- (e) allocate funds from the established Court Reporter's Reserve to appropriate Departments or Agency for required expenses;
- (f) allocate funds from the established Court Interpreter's Reserve to appropriate Departments or Agency for required expenses;
- (g) allocate funds from the established Inmate Housing Reserve to appropriate Departments or Agency for required expenses;
- (h) allocate funds from the established Fuel/Parts Reserve as required;
- (i) allocate funds from Operating or Capital Non-Department contingencies and reserves to cover existing obligations/expenses in accordance with the intent and actions of the Board of Commissioners; however, in no case shall appropriations exceed actual available funding sources; 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 for Special Use Funds, all revenue in Authority Imaging Fund, bond forfeitures, and capital fund contingency project and project specific levels.

The County Administrator to:

- (a) transfer funds from Department or Agency budgets to Contribution to Capital Projects for amounts up to \$50,000;
  - (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;
  - (d) reallocate funding among projects approved by the Board of Commissioners;
  - (e) allocate funds from the established Compensation Reserve to Department or Agency budgets to provide funding for approved compensation actions; and
  - (f) transfer funds to establish new projects related to economic development, Special Purpose Local Option Sales Tax Programs or Enterprise Funds within a capital fund from fund or program contingencies and/or savings in existing projects.
12. 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.
13. Annual appropriated budgets are legally adopted for the General Fund, Special Revenue Funds, the Debt Service Fund, and Capital Projects Funds. Annual operating budgets are prepared for each Enterprise and Internal Service Fund for planning, control, cost allocation, and evaluation purposes. Budgetary amounts are not formally integrated into proprietary fund general ledgers. All appropriations lapse at fiscal year-end.
14. Actual expenditures of each fund for the year may not exceed the budget for that fund, or amendments thereto, and may not exceed actual funding sources.
15. 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. 25 unallocated positions shall be available to allocate to Department or Agency with the authorization of the County Administrator as necessary.
16. The County Administrator is granted authority to authorize benefits pursuant to *O.C.G.A. § 47-23-106* for retired Superior Court Judges.
17. The compensation for county appointments by the Board of Commissioners to the various Boards and Authorities has been set. This does not preclude any department from reimbursing those members for actual expenditures incurred in the performance of duty.
18. Eligible County employees may receive a pay increase as specified in the 2018 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 2018 will depend upon availability of funds and appropriations by the Board of Commissioners.

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

The original budget for the year ended December 31, 2018 was amended through supplemental appropriations as follows (in thousands of dollars):

	<b>Original Appropriation Budget</b>	<b>Increase/(Decrease) in Appropriation</b>	<b>Amended Appropriation Budget</b>
General Fund	\$ 320,232	\$ (270)	\$ 319,962
Special Revenue Funds	355,625	32,881	388,506
Debt Service Fund	4,251	—	4,251
Capital Projects Funds	214,021	(17,652)	196,369

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

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

Adjustments necessary to convert the results of operations from the budget basis to the GAAP basis at year-end are as follows (in thousands of dollars):

	<b>Fund Balances at End of Year</b>					
	<b>General Fund</b>	<b>Fire and EMS District</b>	<b>Police Services District</b>	<b>Non-major Special Revenue Funds*</b>	<b>Debt Service Fund</b>	<b>Capital Projects</b>
GAAP basis fund balance	\$ 159,242	\$ 57,781	\$ 69,162	\$ 92,351	\$ 12,527	\$ 757,272
Fair value adjustments	498	41	504	243	—	3,265
Budget basis	\$ 159,740	\$ 57,822	\$ 69,666	\$ 92,594	\$ 12,527	\$ 760,537

\*Excludes grant funds

Proceeds from capital leases and related expenditures are not included in the budget to actual schedules.



## NOTE 3.

### Cash, Cash Equivalents, and Investments

Following are the components of the County's cash, cash equivalents, and investments as of December 31, 2018 (in thousands of dollars):

	Unrestricted	Restricted	Agency Funds	Pension and Other Employee Trust Funds	Primary Government Total
Cash and Equivalents	\$ 661,117	\$ 34,799	\$ 47,781	\$ 22,869	\$ 766,566
Investments	998,220	—	—	1,070,660	2,068,880
Total	\$ 1,659,337	\$ 34,799	\$ 47,781	\$ 1,093,529	\$ 2,835,446

#### Credit Risk and Interest Rate Risk – County Investments

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

- A. Each investment decision shall first consider that capital losses are to be avoided, whether from deterioration of financial fundamentals or erosion of fair value due to rapidly changing interest rates or other market and non-market factors.
- B. The portfolios must be structured in such a manner that sufficient liquidity shall exist to pay obligations as they become due, without the requirement for unplanned liquidations of securities. The CFO/Director of Financial Services shall establish criteria for the preparation of cash projections, matching maturities, and maintenance of reserve, all in order to maintain liquidity.
- C. The County seeks market rates of return on its investments, consistent with its liquidity requirements and quality and duration/maturity constraints. The County further seeks to preserve its capital by maintaining a low volatility portfolio as it relates to price fluctuations, further modifying return objectives.
- D. County funds will at all times be invested in conformity with the laws of the state of Georgia, specifically sections 36-80-3, 36-80-4, 36-82-7, and 36-83-4, along with bond ordinances or covenants, the Investment Policy, and the Department's written administrative procedures.
- E. The County's investments are to be managed on a total rate of return basis while avoiding speculative strategies and highly volatile securities. Use of high risk (volatile) derivative securities are prohibited from purchase in either the liquidity or investment portfolio. The County seeks to acquire securities with suitable characteristics and to hold those assets until such time as market conditions or other factors create clear opportunities for increased returns. Excessive trading without clearly demonstrable benefit to the County is prohibited.

#### Interest Rate Risk – County Investments

The County's Investment Policy breaks out the County's investments into a liquidity portfolio and an investment portfolio. The liquidity portfolio has assets that are categorized as short-term funds and will be invested in permitted investments with an average maturity of 12 months or less. The investment portfolio will be invested in permitted investments with a stated maturity of no more than 5 years from the date of purchase.

**Fair Value Measurements** – The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The County has the following recurring fair value measurements as of December 31, 2018:

Investment	Fair Value Measurement Using			Fair Value
	Level 1	Level 2	Level 3	
Federal agency securities	–	741,790,432	–	741,790,432
Federal mortgage-backed securities/collateralized mortgage obligations	–	144,924,449	–	144,924,449
Georgia state securities	–	26,126,888	–	26,126,888
U.S. treasury notes	51,912,371	–	–	51,912,371
Total investments measured at fair value	\$ 51,912,371	\$ 912,841,769	\$ –	\$ 964,754,140

Investments recorded at cost:

Certificates of deposit 33,465,669

Investments not subject to level disclosure:

Georgia Fund 1 Plus (classified as cash equivalents) 100,759,761

Georgia Fund 1 (classified as cash equivalents) 533,171,270

Total investments \$ 1,632,150,840

The U.S. treasury notes classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those investments. The investments in federal agency securities, federal mortgage-backed securities/collateralized mortgage obligations, and Georgia state securities classified as Level 2 on the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The certificates of deposits are nonparticipating interest-earning investment contracts and, accordingly, are recorded at cost.

The State of Georgia Treasurer's Office manages two investment pools, Georgia Fund 1 and Georgia Fund 1 Plus, which do not meet the criteria of GASB Statement No. 79 and are thus valued at fair value in accordance with GASB Statement No. 31. As a result, the County does not disclose the investment in Georgia Fund 1 or Georgia Fund 1 Plus within the fair value hierarchy. The investments in Georgia Fund 1 and Georgia Fund 1 Plus have no limitations or restrictions on withdrawals and can be removed at any time.

**Custodial Credit Risk: Deposits and Investments – County**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance; obligations of the U.S. government; or bonds of public authorities, counties, or municipalities; or to participate in the Georgia Secure Deposit Program.

On December 31, 2018, the County did not have debt or equity investments in any one organization, other than those issued by the U.S. Government, which represented more than 5 percent of investments.

As of December 31, 2018, the County's credit and interest rate risk related to the County's cash equivalents and investments, other than certificates of deposit classified as investments, was as follows:

Investment	Fair Value	Duration (Years)	Credit Quality
Federal agency securities	\$ 741,790,432	1.67	AA+
Federal mortgage-backed securities/collateralized mortgage obligations	144,924,449	1.35	AA+
Georgia state securities	26,126,888	1.12	AAA
U.S. treasury notes	51,912,371	1.21	AAA
Georgia Fund 1 Plus	100,759,761	0.09	AAKf
Georgia Fund 1	533,171,270	0.058	AAAf
Total fair value	\$ 1,598,685,171		



## Pension Trust Fund Investments

As of December 31, 2018, the Pension Trust Fund had \$938,436,000 invested in the following types of investments (dollars in thousands) as categorized by credit risk:

Investment	Fair Value	Credit Quality
U.S. treasury bonds	\$ 39,393	<b>AA</b>
Asset-backed securities	2,174	<b>AAA</b>
Asset-backed securities	2,231	<b>AA</b>
Asset-backed securities	2,778	<b>BBB</b>
Asset-backed securities	4	<b>B</b>
Asset-backed securities	5,060	—
U.S. government agencies	34,517	<b>AA</b>
U.S. government agencies	8,915	—
Commercial mortgage-backed securities	1,641	<b>AAA</b>
Commercial mortgage-backed securities	1,918	<b>AA</b>
Commercial mortgage-backed securities	430	<b>A</b>
Commercial mortgage-backed securities	4,119	—
Corporate bonds	310	<b>AAA</b>
Corporate bonds	2,223	<b>AA</b>
Corporate bonds	15,369	<b>A</b>
Corporate bonds	34,949	<b>BBB</b>
Corporate bonds	534	<b>BB</b>
Corporate bonds	1,608	—
Collateralized mortgage obligations	491	<b>AAA</b>
Collateralized mortgage obligations	11,445	<b>AA</b>
Collateralized mortgage obligations	50	<b>A</b>
Collateralized mortgage obligations	133	<b>BBB</b>
Collateralized mortgage obligations	2,075	—
Corporate equities	491,488	—
International equities	186,960	—
Preferred stock	68	<b>A</b>
Preferred stock	425	<b>BBB</b>
Preferred stock	2,068	—
Global fixed income	4,820	<b>AAA</b>
Global fixed income	1,328	<b>AA</b>
Global fixed income	5,097	<b>A</b>
Global fixed income	8,040	<b>BBB</b>
Global fixed income	176	<b>BB</b>
Global fixed income	65,599	—
Total	\$ 938,436	

**Credit Risk** – It is the Pension Trust Fund’s policy to limit investments in common or preferred stock of a corporation to those corporations listed on one or more of the recognized national stock exchanges in the United States of America, or those traded on the NASDAQ National Market. The policy also limits stock investments to not more than 5 percent of the assets of any fund in common or preferred stock of any one issuing corporation. Domestic bonds are limited to those with ratings that meet or exceed investment grade as defined by Moody’s, S&P, or Fitch. U.S. government treasuries and agency bonds are not classified by credit quality. Corporate equities, international equities, and mutual funds invested in equities are also not classified by credit quality.

On December 31, 2018, the Pension Trust Fund did not have debt or equity investments in any one organization, other than those issued by the U.S. Government, which represented more than 5 percent of plan net position.

On December 31, 2018, the Pension Trust Fund had \$938,436,000 invested in the following investments as categorized by interest rate risk (dollars in thousands):

Investment	Fair Value	Weighted Average Maturity (Years)
U.S. treasury bonds	\$ 39,393	14.68
Asset-backed securities	12,247	6.49
U.S. government agencies	43,432	17.97
Commercial mortgage-backed securities	8,108	29.86
Corporate bonds	54,993	10.42
Collateralized mortgage obligations	14,194	18.44
Corporate equities	491,488	—
International equities	186,960	—
Preferred stock	2,561	26.01
Global fixed income	85,060	—
Total investments measured at fair value	\$ 938,436	

**Interest Rate Risk** – The Pension Trust Fund investment policy adopts the following asset mix to achieve the lowest level of risk for the plan: Equity Securities between 50 percent and 75 percent at fair value, and Fixed Income Securities between 25 percent and 50 percent and between 0 percent and 5 percent in Alternative Investments. Fixed Income Securities are indexed to Barclays Capital U.S. Aggregate. As of December 31, 2018, the Fixed Income Assets had an effective duration of 5.77 years compared to the Barclays Capital U.S. Aggregate of 5.80 years. The weighted average yield to maturity of the Portfolio was 3.53 percent compared to the Barclays Aggregate of 3.28 percent. Corporate equities, international equities, and related mutual funds invested in equities are also not classified by interest rate risk.

**Fair Value Measurements** – The Pension Trust Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level I inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

As of December 31, 2018, the Pension Trust Fund had the following recurring fair value measurements (dollars in thousands):

Investment	Fair Value Measurement Using			Fair Value
	Level 1	Level 2	Level 3	
U.S. treasury bonds	39,393	—	—	39,393
Asset-backed securities	—	12,247	—	12,247
U.S. government agencies	—	43,432	—	43,432
Commercial mortgage-backed securities	—	8,108	—	8,108
Corporate bonds	—	54,993	—	54,993
Collateralized mortgage obligations	—	14,194	—	14,194
Corporate equities	427,594	63,894	—	491,488
International equities	184,174	2,786	—	186,960
Preferred stock	2,068	493	—	2,561
Global fixed income	85,060	—	—	85,060
Total investments measured at fair value	\$ 738,289	\$ 200,147	\$ —	\$ 938,436

The U.S. treasury bonds, corporate equities, international equities, preferred stock, and global fixed income investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those investments.

The investments in asset-backed securities, U.S. government agencies, commercial mortgage-backed securities, corporate bonds, collateralized mortgage obligations, corporate equities, international equities, and preferred stock classified as Level 2 on the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

**Foreign Currency Risk** – At December 31, 2018, \$186,960,000, or 19.9 percent of Retirement Plan investment assets, had exposure of foreign currency risk through investments in foreign companies. The international equities by related currency (in thousands of dollars) are as follows:

<b>Investment</b>	<b>Amount</b>
Australian dollar	\$ 463
British pound	59,128
Canadian dollar	4,699
Swiss Franc	5,301
Euro	2,052
U.S. dollars invested in mutual funds with only international holdings*	115,317
Total	\$ 186,960

\*U.S. dollars invested in mutual funds with only international holdings do not expose the County to foreign currency risk.

**Pension Trust Funds Custodial Credit Risk: Deposits** – Custodial credit risk for deposits is the risk that in the event of a bank failure, the Pension Trust Fund may not be able to recover its deposits.

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

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

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



### Other Post-Employment Benefits (OPEB) Trust Fund Investments

As of December 31, 2018, the OPEB Trust Fund had \$132,224,000 invested in the following types of investments (dollars in thousands) as categorized by credit risk:

Investment	Fair Value	Credit Quality
U.S. treasury bonds	\$ 5,550	<b>AA</b>
Asset-backed securities	306	<b>AAA</b>
Asset-backed securities	314	<b>AA</b>
Asset-backed securities	392	<b>BBB</b>
Asset-backed securities	1	<b>B</b>
Asset-backed securities	713	—
U.S. government agencies	4,864	<b>AA</b>
U.S. government agencies	1,256	—
Commercial mortgage-backed securities	231	<b>AAA</b>
Commercial mortgage-backed securities	270	<b>AA</b>
Commercial mortgage-backed securities	61	<b>A</b>
Commercial mortgage-backed securities	580	—
Corporate bonds	44	<b>AAA</b>
Corporate bonds	313	<b>AA</b>
Corporate bonds	2,165	<b>A</b>
Corporate bonds	4,924	<b>BBB</b>
Corporate bonds	75	<b>BB</b>
Corporate bonds	227	—
Collateralized mortgage obligations	69	<b>AAA</b>
Collateralized mortgage obligations	1,613	<b>AA</b>
Collateralized mortgage obligations	7	<b>A</b>
Collateralized mortgage obligations	19	<b>BBB</b>
Collateralized mortgage obligations	292	—
Corporate equities	69,250	—
International equities	26,342	—
Preferred stock	10	<b>A</b>
Preferred stock	60	<b>BBB</b>
Preferred stock	291	—
Global fixed income	679	<b>AAA</b>
Global fixed income	187	<b>AA</b>
Global fixed income	718	<b>A</b>
Global fixed income	1,133	<b>BBB</b>
Global fixed income	25	<b>BB</b>
Global fixed income	9,243	—
Total	\$ 132,224	

**Credit Risk** – It is the OPEB Trust Fund’s policy to limit investments in common or preferred stock of a corporation to those corporations listed on one or more of the recognized national stock exchanges in the United States of America, or those traded on the NASDAQ National Market. The policy also limits stock investments to not more than 5 percent of the assets of any fund in common or preferred stock of any one issuing corporation. Domestic bonds are limited to those with ratings that meet or exceed investment grade as defined by Moody’s, S&P, or Fitch. U.S. government treasuries and agency bonds are not classified by credit quality. Corporate equities, international equities, and related mutual funds invested in equities are also not classified by credit quality.

On December 31, 2018, the OPEB Trust Fund did not have debt or equity investments in any one organization, other than those issued by the U.S. Government, which represented more than 5 percent of plan net position.

On December 31, 2018, the OPEB Trust Fund had \$132,224,000 invested in the following investments as categorized by interest rate risk (dollars in thousands):

Investment	Fair Value	Weighted Average Maturity (Years)
U.S. treasury bonds	\$ 5,550	14.68
Asset-backed securities	1,726	6.49
U.S. government agencies	6,120	17.97
Commercial mortgage-backed securities	1,142	29.86
Corporate bonds	7,748	10.42
Collateralized mortgage obligations	2,000	18.44
Corporate equities	69,250	–
International equities	26,342	–
Preferred stock	361	26.01
Global fixed income	11,985	–
Total investments measured at fair value	\$ 132,224	

**Interest Rate Risk** – The OPEB Trust Fund investment policy adopts the following asset mix to achieve the lowest level of risk for the plan: Equity Securities between 50 percent and 75 percent at fair value, and Fixed Income Securities between 25 percent and 50 percent and between 0 percent and 5 percent in Alternative Investments. Fixed Income Securities are indexed to Barclays Capital U.S. Aggregate. As of December 31, 2018, the Fixed Income Assets had an effective duration of 5.77 years compared to the Barclays Capital U.S. Aggregate of 5.80 years. The weighted average yield to maturity of the Portfolio was 3.53 percent compared to the Barclays Aggregate of 3.28 percent. Corporate equities, international equities, and related mutual funds invested in equities are also not classified by interest rate risk.

**Fair Value Measurements** – The OPEB Trust Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

As of December 31, 2018, the OPEB Trust Fund had the following recurring fair value measurements (dollars in thousands):

Investment	Fair Value Measurement Using			Fair Value
	Level 1	Level 2	Level 3	
U.S. treasury bonds	5,550	—	—	5,550
Asset-backed securities	—	1,726	—	1,726
U.S. government agencies	—	6,120	—	6,120
Commercial mortgage-backed securities	—	1,142	—	1,142
Corporate bonds	—	7,748	—	7,748
Collateralized mortgage obligations	—	2,000	—	2,000
Corporate equities	60,247	9,003	—	69,250
International equities	25,950	392	—	26,342
Preferred stock	292	69	—	361
Global fixed income	11,985	—	—	11,985
Total investments measured at fair value	\$ 104,024	\$ 28,200	\$ —	\$ 132,224

The U.S. treasury bonds, corporate equities, international equities, preferred stock, and global fixed income investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those investments.

The investments in asset-backed securities, U.S. government agencies, commercial mortgage-backed securities, corporate bonds, collateralized mortgage obligations, corporate equities, international equities, and preferred stock classified as Level 2 on the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

**Foreign Currency Risk** – At December 31, 2018, \$26,342,000, or 19.9 percent of OPEB Plan investment assets, had exposure of foreign currency risk through investments in foreign companies. The international equities by related currency (in thousands of dollars) are as follows:

<b>Investment</b>	<b>Amount</b>
Australian dollar	\$ 65
British pound	8,331
Canadian dollar	662
Swiss Franc	747
Euro	289
U.S. dollars invested in a mutual fund with only international holdings*	16,248
Total	\$ 26,342

*\*U.S. dollars invested in a mutual fund with only international holdings does not expose the County to foreign currency risk.*

**OPEB Trust Funds Custodial Credit Risk: Deposits** – Custodial credit risk for deposits is the risk that in the event of a bank failure, the OPEB Trust Fund may not be able to recover its deposits.

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

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

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

# NOTE 4.

## Property Taxes

The County’s property taxes were levied on the assessed values of all real property including mobile homes and motor vehicles located in the county. The assessed value at January 1, 2018, upon which the 2018 levy was based, was the taxable assessed value of \$30,669,098,322 (40 percent of the estimated actual taxable value of \$76,672,745,805).

The County’s 2018 millage rate of 13.319 mills includes a rate of 7.209 mills for general purposes, 0.36 mills for Development and Enforcement Services District\*; 3.20 mills for Fire and Emergency Medical Services District\*; 1.60 mills for Police Services District\*; and 0.95 mills for the Recreation District.

Property taxes for fiscal year 2018 were due in a single installment on October 15.

Levy date	January 1, 2018
Tax bills mailed by	August 15, 2018
Payment due date	October 15, 2018
Delinquency date	October 16, 2018
Approximate lien date	January 19, 2019

\* County service district funds were created in 2013. Millage rates are based on the location of the property and what services the County provides.



## NOTE 5.

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### Allowances For Uncollectible Receivables

Allowances for uncollectible receivables at December 31, 2018, were as follows (in thousands of dollars):

**Taxes receivable:**

General Fund	\$ 1,142
Fire and EMS District	489
Development and Enforcement Services District	31
Police Services District	175
Other Governmental Funds	193
	<hr/>
	\$ 2,030
	<hr/> <hr/>

**Accounts receivable:**

Fire and EMS District	\$ 4,642
Water and Sewerage Fund	1,601
Stormwater Fund	197
Other Enterprise Funds	113
	<hr/>
	\$ 6,553
	<hr/> <hr/>

## NOTE 6.

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### Due From/To Other Governments

The total amount due from other governments as of December 31, 2018, is \$74,729,000. A total of \$36,494,000 is due from the state of Georgia for insurance premium tax collected by the state in 2018 but not yet paid to the County. This amount was estimated using the amount received for 2018 and adjusting it for projected population growth or decline. A total of \$16,256,000 is due from the state for sales tax. The majority of the remaining \$21,979,000 is due from various grant agencies.

The total amount due to other governments as of December 31, 2018, is \$110,000 due to the cities for E-911 expenditures.

## NOTE 7.

### Capital Assets

The County's capital asset activity for the year ended December 31, 2018, was as follows (in thousands of dollars):

#### Primary Government

	Balance January 1, 2018	Increases	Decreases	Balance December 31, 2018
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 699,882	3,542	671	702,753
Construction in progress	73,794	124,789	61,177	137,406
Total capital assets, not being depreciated	773,676	128,331	61,848	840,159
Capital assets, being depreciated:				
Land Improvements	531,055	17,170	200	548,025
Buildings	782,783	10,927	505	793,205
Equipment	207,579	8,776	4,969	211,386
Vehicles	118,476	10,862	13,450	115,888
Infrastructure	1,153,892	20,297	—	1,174,189
Total capital assets, being depreciated	2,793,785	68,032	19,124	2,842,693
Less accumulated depreciation for:				
Land Improvements	182,318	18,753	312	200,759
Buildings	253,432	19,074	291	272,215
Equipment	165,944	12,721	5,063	173,602
Vehicles	72,069	13,232	11,845	73,456
Infrastructure	406,031	27,536	—	433,567
Total accumulated depreciation	1,079,794	91,316	17,511	1,153,599
Total capital assets, being depreciated, net	1,713,991	(23,284)	1,613	1,689,094
Governmental-type activities capital assets, net	\$ 2,487,667	105,047	63,461	2,529,253

**Governmental Activities:**

General government	\$	8,499
Public safety		18,985
Judiciary		4,575
Public works		35,950
Health and Welfare		429
Culture and recreation		22,072
Housing and development		806
Total depreciation expense – governmental activities	\$	91,316

	Balance January 1, 2018	Increases	Decreases	Balance December 31, 2018
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 76,022	2,652	–	78,674
Construction in progress	90,743	182,190	84,694	188,239
Total capital assets, not being depreciated	166,765	184,842	84,694	266,913
Capital assets, being depreciated:				
Buildings	866,444	3,701	2,892	867,253
Improvements	3,431,369	84,638	5,353	3,510,654
Equipment	621,992	39,121	423	660,690
Vehicles	47,372	9,030	6,361	50,041
Infrastructure	7,640	6	–	7,646
Total capital assets, being depreciated	4,974,817	136,496	15,029	5,096,284
Less accumulated depreciation for:				
Buildings	225,446	20,292	568	245,170
Improvements	797,859	49,088	3,088	843,859
Equipment	360,942	43,161	403	403,700
Vehicles	31,113	3,884	6,175	28,822
Infrastructure	1,197	302	–	1,499
Total accumulated depreciation	1,416,557	116,727	10,234	1,523,050
Total capital assets, being depreciated, net	3,558,260	19,769	4,795	3,573,234
Business-type activities capital assets, net	\$ 3,725,025	204,611	89,489	3,840,147

**Business-Type Activities:**

Water and sewer	\$	97,241
Airport		3,234
Solid waste		565
Stormwater		15,521
Transit		166
Total depreciation expense – business-type activities	\$	<u>116,727</u>

**Construction and Other Commitments**

The County has active construction projects and other commitments as of December 31, 2018. At year-end the County's commitments with contractors were as follows (in thousands of dollars):

Contract value	\$	1,469,418
Spent-to-date		<u>896,313</u>
Remaining commitments	\$	<u>573,105</u>



## NOTE 8.

### Long-Term Obligations

The following is a summary of changes in long-term obligations for the year ended December 31, 2018 (in thousands of dollars):

<b>Governmental Activities:</b>	<b>January 1, 2018</b>	<b>Additions</b>	<b>Retirements</b>	<b>December 31, 2018</b>	<b>Amounts due within one year</b>
General obligation bonds	\$ 8,110	—	(3,960)	4,150	4,150
Amounts for issuance premiums	162	—	(162)	—	—
Total bonds payable	8,272	—	(4,122)	4,150	4,150
Lease payable	78,175	24,653	(3,429)	99,399	3,955
Accumulated leave benefits	25,971	16,868	(16,954)	25,885	18,443
Estimated claims payable	12,469	33,491	(32,291)	13,669	6,848
Net pension liability	217,535	107,986	—	325,521	—
Net OPEB liability	51,298	27,871	—	79,169	—
Total governmental activity long-term liabilities	\$ 393,720	210,869	(56,796)	547,793	33,396
<b>Business-Type Activities:</b>					
Revenue bonds	\$ 307,660	35,435	(34,550)	308,545	26,885
Amounts for issuance premiums	14,220	—	(2,949)	11,271	—
Revenue bonds – direct placements	316,350	—	(35,350)	281,000	31,045
Total bonds payable	638,230	35,435	(72,849)	600,816	57,930
Notes payable	39,983	—	(2,791)	37,192	2,876
Accumulated leave benefits	3,573	2,347	(2,300)	3,620	2,306
Net pension liability	30,120	13,739	—	43,859	—
Net OPEB liability	7,410	4,025	—	11,435	—
Total business-type activity long-term liabilities	\$ 719,316	55,546	(77,940)	696,922	63,112

In conformity with GAAP, as set forth in Statement No. 88 of the Governmental Accounting Standards Board, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements," information about direct placement bonds are presented separate from other debt in the table above.

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$3,447,000 of internal service fund accumulated leave benefits, \$13,669,000 of internal service fund claims payable, \$26,429,000 of internal service fund net pension liability, and \$9,263,000 of internal service fund net OPEB liability were included in the preceding table.

For governmental funds, accumulated leave benefits, the net pension liability, and the net OPEB liability are liquidated by the General, Street Lighting, Crime Victims Assistance, Corrections Inmate Welfare, Fire and EMS District, Development and Enforcement Services District, Police Services District, Sales Tax, Recreation District, E-911, and Grants Funds. Estimated claims payable is liquidated by the Group Self-Insurance, Risk Management, and Auto Liability internal service funds.

For business-type activities, accumulated leave benefits, the net pension liability, and the net OPEB liability are liquidated by the Water and Sewerage, Airport, Stormwater, Solid Waste, and Transit Funds.

Bonds payable are comprised of general obligation bonds and revenue bonds, and are discussed below.

### General Obligation Bonds

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the County. General obligation bonds have been issued for general government activities and are reported in the governmental column of the governmentwide statement of net position. General obligation bonds outstanding as of December 31, 2018, were as follows (in thousands of dollars):

	Interest Rate (%)	Interest Dates	Issue Date	Maturity Date	Authorized and Issued	Cumulatively Retired	Outstanding
2012 General Obligation Refunding	1.0 – 5.0	1/1 – 7/1	10/4/12	1/1/19	22,555	18,405	4,150
					\$ 22,555	\$ 18,405	\$ 4,150

### Revenue Bonds

The County also issues bonds where the County pledges income derived from the acquired or constructed assets to pay debt service.

The revenue bonds are related to proprietary activity and are reported in the enterprise funds, as they are expected to be repaid from enterprise funds revenues. Revenue bonds outstanding as of December 31, 2018, were as follows (in thousands of dollars):

Business-Type	Interest Rate %	Interest Dates	Issue Date	Maturity Date	Authorized and Issued	Cumulatively Retired	Outstanding
2008 Water and Sewerage	4.0 – 5.0	2/1 – 8/1	8/21/08	8/1/28	190,000	190,000	–
2009A Water and Sewerage	1.87 – 4.0	2/1 – 8/1	10/22/09	8/1/28	235,575	92,765	142,810
2009B Water and Sewerage	5.35 – 5.45	2/1 – 8/1	10/22/09	8/1/29	23,955	–	23,955
2011 Water and Sewerage Refunding	2.0 – 5.0	2/1 – 8/1	7/1/11	8/1/25	163,615	57,270	106,345
2015 Water and Sewerage Refunding*	1.74	2/1 – 8/1	8/3/15	8/1/22	127,215	94,340	32,875
2016A Water and Sewerage Refunding*	1.69	2/1 – 8/1	5/19/16	8/1/28	145,990	–	145,990
2016 Water and Sewerage Refunding*	2.36	2/1 – 8/1	8/1/16	8/1/25	108,860	6,725	102,135
2018 Urban Redevelopment Agency Revenue Bonds	2.94 – 4.15	3/1 – 9/1	12/4/18	9/1/38	35,435	–	35,435
					\$ 1,030,645	\$ 441,100	589,545
							11,271
							\$ 600,816

Premiums

Net Business-Type Bonds Outstanding

\* Direct placement bonds

On December 4, 2018, the Urban Redevelopment Agency issued \$35,435,000 in Series 2018 bonds bearing interest rates ranging from 2.94 percent to 4.15 percent. The bond proceeds were used to purchase property consisting of land and buildings which are being held by the Agency with the intention of future redevelopment of the property and are not held primarily for the purpose of income or profit. The County is absolutely and unconditionally obligated under the terms of an intergovernmental contract for the debt service payments on the Urban Redevelopment Agency bonds.

The annual requirements to amortize bonds payable as of December 31, 2018, excluding unamortized bond premiums of \$11,271,000 were as follows (in thousands of dollars):

Year Ended December	General Obligation Bonds		Business-Type Revenue Bonds				Total
	Principal	Interest	Revenue Bonds		Direct Placement Revenue Bonds		
			Principal	Interest	Principal	Interest	
2019	4,150	104	26,885	13,117	31,045	5,450	80,751
2020	—	—	27,680	12,323	31,625	4,857	76,485
2021	—	—	28,910	11,091	32,240	4,254	76,495
2022	—	—	30,175	9,826	32,850	3,638	76,489
2023	—	—	31,425	8,584	34,885	3,010	77,904
2024 – 2028	—	—	122,890	23,320	118,355	5,402	269,967
2029 – 2033	—	—	29,270	4,512	—	—	33,782
2034 – 2038	—	—	11,310	1,432	—	—	12,742
Total	\$ 4,150	\$ 104	\$ 308,545	\$ 84,205	\$ 281,000	\$ 26,611	\$ 704,615

#### Revenue Bonds – Development Authority

Component Unit	Interest Rate %	Interest Dates	Issue Date	Maturity Date	Authorized and Issued	Cumulatively Retired	Outstanding
Development Authority 2007 Parking Garage Bonds	4.125 – 5.0	3/1 – 9/1	8/30/07	9/1/27	12,000	5,345	6,655
2008 Stadium	5.4 – 6.6	1/1 – 7/1	4/1/08	1/1/38	33,000	33,000	—
2010 Arena Refunding Bonds	2.0 – 5.0	3/1 – 9/1	11/9/10	9/1/31	52,660	14,355	38,305
2017 Stadium Refunding Bonds	2.0 – 3.5	1/1 – 7/1	1/26/17	1/1/38	29,785	—	29,785
2018 Gwinnett Center Expansion Bonds	3.21 – 4.19	3/1 – 9/1	8/07/18	9/1/48	95,710	—	95,710
Subtotal					\$ 223,155	\$ 52,700	\$ 170,455
Premium							2,469
Total							\$ 172,924

The Development Authority (a discretely presented component unit) issued \$12 million in fixed-rate revenue bonds on July 31, 2007, to build a parking deck at the Infinite Energy Center (formerly the Gwinnett Center). On April 1, 2008, the Development Authority issued \$33 million in fixed-rate revenue bonds to build the baseball stadium, Coolray Field. In 2001, the Development Authority issued \$65 million in variable-rate revenue bonds to fund the construction of the Infinite Energy Center Arena, then later restructured those bonds to fixed-rate revenue bonds on November 9, 2010.

On January 26, 2017, the Authority issued \$29,785,000 in Series 2017 Revenue bonds to refund all but \$730,000 of the 2008 Stadium Bonds. Interest rates on the Series 2017 bonds range from 2.00 percent to 3.50 percent with annual maturities through 2038. The net proceeds from the Series 2017 Bonds were deposited in an irrevocable trust with an escrow agent to provide all future debt service payments on the refunded bonds. The result of this transaction is a decrease in future debt service payments of \$12,114,504 and present value savings, or economic gain, of \$8,290,352. The refunded bonds were called and repaid during 2018.

On August 7, 2018, the Authority issued \$95,710,000 in revenue bonds to finance the Infinite Energy Center (formerly the Gwinnett Center) Expansion and Parking Deck Project. The bonds bear interest rates ranging from 3.21 percent to 4.19 percent with annual maturities through 2048.

The estimated annual requirements to amortize the bonds payable as of December 31, 2018, were as follows (in thousands of dollars):

### Development Authority Revenue Bonds Annual Requirements

Year Ended December 31	Principal	Interest	Total Debt Service
2019	3,955	7,039	10,994
2020	4,110	6,622	10,732
2021	4,280	6,450	10,730
2022	4,440	6,296	10,736
2023	4,630	6,103	10,733
2024 – 2028	37,950	26,747	64,697
2029 – 2033	33,860	19,152	53,012
2034 – 2038	27,560	13,424	40,984
2039 – 2043	22,325	8,541	30,866
2044 – 2048	27,345	3,520	30,865
Total	\$ 170,455	\$ 103,894	\$ 274,349

The County has entered into a lease with the Development Authority for capital projects which are funded by the Authority's Bonds. These projects are for the expansion of the Gwinnett Civic and Cultural Center (the "Center") funded by the Authority's 2001 Bonds (as refunded by the Authority's 2010 Bonds), the Gwinnett Center Parking Deck Project (the "Parking Deck") funded by the Authority's 2007 Bonds, the Gwinnett Stadium Project (the "Stadium") funded by the Authority's 2008 Bonds (as refunded by the Authority's 2017 Bonds), and the Gwinnett Center Expansion and Parking Deck Project ("GC Expansion") funded by the Authority's 2018 Bonds. The County is absolutely and unconditionally obligated under the terms of the intergovernmental contract relating to these bonds. As a result, the County reports a capital lease obligation to component units, and the Development Authority reports a lease receivable from the primary government in an amount, and with future requirements, equal to the Development Authority bonds.

At December 31, 2018, proceeds from the issuance of the 2018 Bonds in the amount of \$71,056,000 had not been expended by the Authority and, thus, there is not a receivable from the County for these amounts. As the bond proceeds are expended, the Development Authority's receivable and the County's capital lease obligation will increase and equal the bonds payable.

The value of assets acquired under capital leases by major asset class is as follows (in thousands of dollars):

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Book Value</b>
Land	\$ 5,000	\$ —	\$ 5,000
Site improvements	18,833	(6,058)	12,775
Buildings	147,997	(45,319)	102,678
Equipment	2,872	(2,777)	96

The amortization expense for fiscal year 2018 is included in depreciation expense.

#### **Advance Refunding of Debt**

In 2005, the County advance refunded that portion of the Series 1997 Water and Sewerage Revenue Bonds maturing on and after August 1, 2011, in the aggregate principal amount of \$97,200,000; that portion of the Series 1998 Bonds maturing on and after August 1, 2009, in the aggregate principal amount of \$102,380,000; and that portion of the Series 1999 Bonds maturing on and after August 1, 2011, in the aggregate amount of \$50,000,000. The net proceeds of \$259,600,000 from the 2005 Water and Sewerage Refunding Bonds were deposited in irrevocable trusts with an escrow agent to provide all future debt service payments on the refunded bonds. The result of this transaction is a decrease in future debt service payments of \$16,085,880, resulting in a net present value savings to the County of \$13,543,952. The refunded bonds are considered defeased. At December 31, 2018, \$35,175,000 of outstanding revenue bonds were considered defeased.

In 2006, the County advance refunded that portion of the Series 2002 Water and Sewerage Revenue Bonds maturing on and after August 1, 2013, in the aggregate principal amount of \$116,500,000. With an original principal amount of \$121,375,000, net proceeds of \$114,945,000 were deposited in irrevocable trusts with an escrow agent to provide all future debt service payments on the refunded bonds. The result of this transaction is a decrease in future debt service payments of \$7,687,038, resulting in a net present value savings to the County of \$4,858,834. The refunded bonds are considered defeased. At December 31, 2018, \$102,600,000 of outstanding revenue bonds were considered defeased.

In 2011, the County advance refunded that portion of the Series 2003B Water and Sewerage Revenue Bonds maturing on and after August 1, 2013, in the aggregate principal amount of \$170,360,000. With an original principal amount of \$163,615,000, net proceeds of \$188,873,037 were deposited in irrevocable trusts with an escrow agent to provide all future debt service payments on the refunded bonds. The result of this transaction is a true-interest cost of 2.89 percent and a net present value debt service savings of approximately \$9.43 million. The refunded bonds are considered defeased. At December 31, 2018, \$110,655,000 of outstanding 2003B revenue bonds were considered defeased.

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 was August 3, 2015. The interest rate was set at 1.74 percent. The result of this transaction is a total debt service savings of \$9.8 million and a present value savings of \$9.2 million. The debt service savings began 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, total debt savings of \$14.7 million, and a net present value savings of \$13.2 million. These privately placed 2016 refunding bonds had a principal amount of \$108,860,000 and the date of issuance for these bonds was August 1, 2016. The 2006 bonds were retired. The debt service savings began in 2017.

In March 2016, the Gwinnett County Water and Sewerage Authority and the Gwinnett County Board of Commissioners approved resolutions allowing the authority to move forward with a direct purchase of the callable maturities (2019 – 2028) of the 2008 Water and Sewerage Authority Revenue Bonds. The bonds were awarded to Wells Fargo as they offered the lowest advance refunding true interest rate of 1.69 percent, total debt service savings of \$21.5 million, and a net present value savings of \$18.5 million. These privately placed 2016A refunding bonds were issued May 19, 2016 with an original principal amount of \$145,990,000. The debt service savings began in 2016. Net proceeds of \$147,248,778 were deposited in an irrevocable trust with an escrow agent to provide all future debt service payments on the refunded bonds. The refunded bonds are considered defeased. During 2018, all of the 2008 defeased bonds were called and retired.

In 2012, the County refunded a portion of 2003 General Obligation Bonds maturing in 2014 through 2019, in the aggregate principal amount of \$24,385,000. With an original principal amount for the 2012 bonds of \$22,555,000, the net proceeds of \$24,817,713 were deposited in irrevocable trusts with an escrow agent to provide all future debt payments on the refunded bonds. The result of this transaction is a true-interest cost of 0.81 percent and a decrease in future debt service payments of \$2,268,762, resulting in a net present value debt service savings of \$2,212,687. The refunded bonds were then redeemed on January 1, 2013, and none remain outstanding.

On January 2, 2013, the County redeemed the remaining 2003 General Obligation Bonds maturing in 2020 through 2023 using available cash. The result of that redemption was a net present value savings of \$4.4 million.

### **Debt Margin**

State statutes limit the amount of general obligation debt a government entity may issue to 10 percent of its total assessed valuation. The statutory limit at December 31, 2018 was \$3,066,910,000. At that date, amounts available in the Debt Service Fund of \$12,527,000 totaled \$8,377,000 more than the amount of debt outstanding, which means the County has used none of its legal debt limitation of \$3,066,910,000.

### **Debt Covenants**

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of money through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages (net revenue must be 1.2 times annual debt service). Management believes the County is in compliance with all such significant financial limitations and restrictions. If these requirements are not met, the bondholders may declare principal and interest accrued to be immediately due.

### Notes Payable

The enterprise funds have several Georgia Environmental Finance Authority (GEFA) loans for the construction and acquisition of buildings and equipment. Notes payable outstanding as of December 31, 2018, were as follows (in thousands of dollars):

Enterprise Funds	Interest Rates %	Interest Dates	Maturity Dates	Notes Payable January 1, 2018	Additions	Retirements	Notes Payable December 31, 2018
GEFA (CW4005PA)	3.00	Monthly	11/1/28	\$ 34,398	\$ —	\$ (2,455)	\$ 31,943
GEFA (CW03-002NP)	3.00	Monthly	4/1/31	3,970	—	(246)	3,724
GEFA (09-055)	3.00	Monthly	6/1/32	1,615	—	(90)	1,525
				\$ 39,983	\$ —	\$ (2,791)	\$ 37,192

The annual requirements to pay the notes outstanding at December 31, 2018, including interest of approximately \$6,632,000 were as follows (in thousands of dollars):

Year Ended December 31	Principal	Interest	Total
2019	2,876	1,076	3,952
2020	2,963	989	3,952
2021	3,054	899	3,953
2022	3,147	806	3,953
2023	3,242	710	3,952
2024 – 2028	17,626	2,010	19,636
2029 – 2032	4,284	142	4,426
Total	\$ 37,192	\$ 6,632	\$ 43,824

### Operating Lease Commitments

The County leases certain equipment under operating leases. Rental expenses for all operating leases totaled \$5,337,577 for the year ended December 31, 2018. There were no significant future minimum rental payments, contingent rentals, or sublease rentals associated with leases in effect at December 31, 2018.

### Conduit Debt

From time to time, the Development Authority, has issued Industrial Development Revenue Bonds to provide financial assistance to both private and public sector entities for the acquisition and construction of industrial and commercial facilities deemed to be of public interest. Neither the Development Authority, the County, state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds that are considered conduit debt. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. There are 34 series of industrial development bonds issued from January 1, 1996 to December 31, 2018, totaling \$1,001,903,849. The total amount of those bonds outstanding as of December 31, 2018, was \$792,699,332.

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

## NOTE 9.

### Interfund Balances and Transfers

Interfund receivables and payables as of December 31, 2018, are as follows (in thousands of dollars):

DUE TO	DUE FROM	
	Non-major Governmental	Total
General	\$ 384	\$ 384
Total	\$ 384	\$ 384

Interfund receivables and payables result from timing differences related to grants and other year-end transactions which normally clear within one month.

Interfund transfers for the year ended December 31, 2018, consisted of the following (in thousands of dollars):

TRANSFER TO	TRANSFER FROM								Total
	General	Fire and EMS District	Police Services District	Other Capital	Non-major Governmental	Water and Sewerage	Non-major Enterprise	Internal Service Funds	
General	\$ —	\$ —	\$ —	\$ —	\$ 1,169	\$ 165	\$ —	\$ —	\$ 1,334
Fire and EMS District	6,057	—	—	—	133	—	—	—	6,190
Police Services District	3,029	—	—	—	26	—	—	—	3,055
Other Capital	19,390	14,204	22,314	—	13,509	—	—	763	70,180
Non-major Governmental	862	—	—	8	49	—	—	—	919
Non-major Enterprise	10,508	—	—	536	—	—	—	—	11,044
Water and Sewerage	—	—	—	—	123	—	35	—	158
Stormwater	—	—	—	—	—	—	124	—	124
Internal Service	—	—	—	—	2	—	—	—	2
Total	\$ 39,846	\$ 14,204	\$ 22,314	\$ 544	\$ 15,011	\$ 165	\$ 159	\$ 763	\$ 93,006

The majority of transfers from the General, Fire and EMS District, Police Services District, Non-major Governmental, and Internal Service Funds are to fund ongoing and planned capital projects and vehicle replacements. The General Fund transferred funds to the Transit Enterprise Fund to cover operating deficits. Also, a portion of the supplemental title *ad valorem* tax that was collected in the General Fund was distributed to the Fire and EMS District, Police Services District, and Development and Enforcement District Funds.

## NOTE 10.

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### Risk Management

#### A. Liability, Property, and Workers' Compensation

It is the policy of the County not to purchase commercial insurance for various types of losses to which it is exposed. Instead, County management believes it is more economical to manage its risks by purchasing limited liability coverages and internally setting aside assets for claim settlement in its Risk Management, Workers' Compensation, and Auto Liability Funds, which are all internal service funds. The Risk Management Fund services claims for the County resulting from general liability, errors and omissions, law enforcement liability, physical damage to County vehicles, and property risks. The Auto Liability Fund services claims for the County resulting from automobile liability risks. The Workers' Compensation Fund, which is included for reporting purposes in the Risk Management Fund, services claims for the County resulting from workers' compensation risks. All departments, agencies, and authorities of the County participate in these funds.

The Risk Management, Workers' Compensation, and Auto Liability Funds allocate the cost of providing claims service and claims payment by charging a "premium," which is an allocation to each department or agency. These charges, which consider recent trends in actual claims experience of the County as a whole, are accounted for as interfund services provided and used. The County self-funds up to \$2,000,000 for general liability, errors and omissions, and law enforcement liability, with excess coverage of \$20,000,000. The County fully self-funds the automobile liability exposure up to \$500,000 for bodily injury or death of any one person in any one occurrence with an annual aggregate of \$700,000 for bodily injury or death of two or more persons in any one occurrence and \$50,000 because of injury to, or destruction of, property in any one occurrence and relies on governmental immunity above these levels. The County purchases direct coverage for property and crime insurance with a limit of \$1,400,000,000 and \$2,000,000, respectively. These policies provide for a \$100,000 deductible on property damage and a \$10,000 deductible on fidelity claims.

In addition, the County purchases direct coverage for off-duty liability for police and sheriff with a limit of \$2,000,000 and reservists liability with a limit of \$1,000,000 for Sheriff; fiduciary liability with a limit of \$15,000,000; and aviation coverage for the airport and helicopters with limits of \$50,000,000 and \$20,000,000, respectively. The County is self-funded depending on the year from \$250,000 to \$1,000,000 per occurrence for workers' compensation. Amounts exceeding this are covered by an excess workers' compensation policy. The County has used the excess coverage policy only once in the last three years; settlement claims exceeded self-funded coverage in 2017.

Between June 1, 2002 and December 31, 2007, the County joined together with other counties in the state as part of the Association County Commissioners of Georgia Group Self-Insurance Workers' Compensation Fund Large Deductible Program. This is a public entity risk pool currently operating as a workers' compensation insurance program for member local governments. The Association County Commissioners of Georgia administers the workers' compensation pool. As part of the Group Self-Insurance Workers' Compensation Fund, the County is obligated to pay all claims, contributions, and assessments as prescribed by the pool to cooperate with the pool's agents and attorneys and finalize all of our claims as soon as possible. The County also allows the pool's agents and attorneys to represent the County in investigations, settlement discussions, and all levels of litigation out of any claim made against the County for workers' compensation within the scope of claims protection furnished by the fund.

The County is responsible to reimburse the fund for various deductibles of any claim between June 1, 2002 and December 31, 2007. Deductibles varied from \$250,000 to \$600,000 depending on the year. Amounts exceeding the various deductibles are covered by an excess workers' compensation policy. The fund is responsible to defend and protect members of the fund in accordance with workers' compensation law of Georgia. In 2008, the County was a part of the Association County Commissioners of Georgia Self-Insurance Workers' Compensation Fund Large Deductible Program due to open claims that occurred between June 1, 2002 and December 31, 2007. However, starting January 1, 2008, Gwinnett County left the Association County Commissioners of Georgia Self-Insurance Workers' Compensation Fund Large Deductible Program for any new claims and became independently self-insured. The County hired a third party administrator, Alternative Service Concepts, Inc., to handle claims. The County is responsible for the first \$1,000,000 of any claim and amounts exceeding the \$1,000,000 retention are covered by an excess workers' compensation policy.

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

Changes in balances of claims liabilities for each of the two years in the two-year period ended December 31, 2018, were as follows:

Fiscal Year	Beginning of Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2018	\$ 9,235,000	\$ 7,702,000	\$ 7,093,000	\$ 9,844,000
2017	8,660,000	7,695,000	7,120,000	9,235,000

At December 31, 2018, the Risk Management Fund held \$9,022,000 in cash and cash equivalents and the Auto Liability Fund held \$409,000 in cash and cash equivalents available for payment of these claims.

#### B. Group Health Insurance

The County accounts for the risks associated with the employee's health insurance plan in the Group Self-Insurance Fund, an internal service fund where assets are set aside for claim settlements. The County maintains specific stop loss coverage in the amount of \$325,000 per covered individual to reduce the exposure from catastrophic claims. One third-party administrator is employed to process claims for the group insurance health program. The County has not experienced any significant decreases in insurance coverage.

Changes in balances of claims liabilities for the Group Self-Insurance Fund during 2018 and 2017 were as follows:

Fiscal Year	Beginning of Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2018	\$ 3,234,000	\$ 25,789,000	\$ 25,198,000	\$ 3,825,000
2017	2,156,000	23,828,000	22,750,000	3,234,000

#### 2018 Claims for Active Employees:

In 2018, there were 1,752 active employees electing medical coverage under self-funded medical plans. The County pays approximately 88 percent of the actuarial projected cost for medical and hospitalization costs incurred by these eligible participants. Expenses by type for the year ended December 31, 2018, were as follows (in thousands of dollars):

#### 1,752 Active Employees Electing Medical Coverage

Administrative Costs	\$ 1,172
Stop Loss Insurance	848
Claims Experience	25,198
Total	<u>\$ 27,218</u>

In 2018, there were 2,420 active employees electing medical coverage in the fully insured medical plans. The County pays approximately 93 percent of the actuarial projected cost for medical and hospitalization costs incurred by these eligible participants. Expenses for the year ended December 31, 2018, were as follows (in thousands of dollars):

**2,420 Active Employees Electing Medical Coverage**

Fully Insured Premium	\$	24,607
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## NOTE 11.

### Deferred Compensation Plan

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



# NOTE 12.

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## Pensions

### A. General Information about the Pension Plan

#### Plan Description

The Gwinnett County Public Employees Retirement System (the "Plan") is a single-employer defined benefit pension plan. The present plan covers all employees of Gwinnett County who are members of the Defined Benefit Pension Plan. The Plan was created as a successor to a previous plan by action of the Board of Commissioners on September 19, 2006. The Retirement Plans Management Committee, composed of seven members who serve without compensation by the Plan, is the trustee of the Plan. The Bank of New York Mellon is the custodian for the Plan. Transamerica is the third-party administrator of the Plan. Benefit provisions and contribution requirements are established and may be amended by the Retirement Plans Management Committee, subject to approval by the Gwinnett County Board of Commissioners.

#### Summary of Significant Accounting Policies

The Plan's significant accounting policies are as follows:

#### Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting. Contributions are paid and based on payrolls for time worked through December 31 each year.

#### Cash and Cash Equivalents

The Plan considers all depository accounts, money market depository accounts, and un-invested cash in investment trust accounts to be cash equivalents.

#### Valuation of Investments

Investments are recorded at fair value. The net appreciation (depreciation) in the fair value of investments held by the Plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the statement of fiduciary net position date. Investment income is recognized on the accrual basis as earned by the Plan.

#### Payment of Benefits

Benefits to retired participants are recorded when due in accordance with the terms of the Plan.

#### Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Separate, stand-alone financial statements of the Plan are prepared and can be obtained at the Gwinnett County Department of Financial Services located at:

75 Langley Drive  
Lawrenceville, GA 30046

## Benefits Provided

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

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

Early retirement means the following when a Participant becomes eligible:

*Schedule A:* A participant accruing benefits under *Schedule A* shall be entitled to an Unreduced Early Retirement Pension when he completes thirty (30) years of Vesting Service or attains sixty-five (65) years of age with at least 5 years of participation. A Participant accruing benefits under *Schedule A* will be entitled to a Reduced Early Retirement Pension on the latter of the date he attains sixty (60) years of age and completes ten (10) years of service.

*Schedule B or Schedule C:* A participant accruing benefits under *Schedule B* or *Schedule C* shall be entitled to an Unreduced Early Retirement Pension on the earlier of the following dates; (i) the Participant completes thirty (30) years of Vesting Service; or (ii) latter of the date (A) he attains fifty (50) years of age and (B) his age, combined with his years of Vesting Service, equals or exceeds seventy-five (75) or he attains age sixty-five (65) with 5 years of plan participation. A Participant accruing benefits under *Schedule B* or *Schedule C* will be entitled to a Reduced Early Retirement Pension on the latter of the date he attains sixty (60) years of age and completes ten (10) years of service.

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

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

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

*Schedule B or C:* A participant receiving retirement, disability pension, survivor, or deferred vested benefits under the provisions of any of the Employee Contributory Plans shall be entitled to a cost of living adjustment of his benefit in the amount of 1 (one) percent per year.

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

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

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

## Eligibility

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

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

At January 1, 2018, the following employees were covered by the benefit terms:

**Plan Membership as of January 1, 2018**

Inactive members or beneficiaries currently receiving benefits	2,291
Inactive members entitled to but not yet receiving benefits	806
Active members	1,320
Total	4,417

**Contributions**

Gwinnett County is required to contribute an actuarially determined amount annually to the Plan’s trust. The required contribution amount is determined using actuarial methods and assumptions approved by the Retirement Plans Management Committee. It is intended to satisfy the minimum contribution requirements as set forth in controlling state of Georgia statutes. Effective for the January 1, 2018 plan year, the recommended contribution for the County was set at \$41,102,477, and the County contributed \$41,633,000. The actuarially determined contribution for employees was \$6,530,000.

**Net Pension Liability**

The County’s net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018 with update procedures performed by the actuary to roll forward the total pension liability measured as of December 31, 2018.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point. The assumptions used in the January 1, 2018 actuarial valuation were as follows:

Actuarial cost method	Entry age normal
Price inflation	3.00 percent
Salary increases	4.50 – 5.50 percent, average, including inflation
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation
Cost-of-living adjustments	1.00 percent
Mortality	Pre-Retirement Mortality: 1983 Group Annuity Mortality Table multiplied by 50% for males and the 1983 Group Annuity Mortality Table for females  Post-Retirement Health Mortality: The rates of mortality for the period after service retirement are according to the 1994 Group Annuity Mortality Static Table Projected to 2001 using scale AA for males and females.  Post-Retirement Disabled Mortality: The rates of mortality for the period after service retirement are according to the 1994 Group Annuity Mortality Static Table Projected to 2001 using scale AA for males and females.

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of the last actuarial experience study, dated January 27, 2010.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as provided by the Plan's Investment Consultant are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return*</b>
U.S. large cap	30.0%	5.1%
U.S. mid cap	7.5%	5.4%
U.S. small cap	7.5%	5.6%
International	10.0%	6.4%
Global allocation	10.0%	5.7%
Real estate	5.0%	6.7%
Emerging markets	5.0%	7.8%
U.S. fixed income	20.0%	1.7%
Global fixed income	5.0%	2.0%
Cash	0.0%	0.7%
Total	100%	

\* Returns are net of inflation of 2.1 percent.

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed the County will contribute the actuarially determined contribution. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of all current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the future projected benefit payments to determine the total pension liability.

## Changes in the Net Pension Liability

	Increase (Decrease)		Net Pension Liability (a) - (b)
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	
Balances at December 31, 2017	\$ 1,290,861,324	\$ 1,043,206,000	\$ 247,655,324
Changes for the year:			
Service cost	11,728,541	—	11,728,541
Interest	88,705,986	—	88,705,986
Difference between expected and actual experience	14,048,173	—	14,048,173
Contributions – employer	—	41,633,000	(41,633,000)
Contributions – employee	—	6,419,000	(6,419,000)
Net investment income	—	(54,537,000)	54,537,000
Benefit payments, including refunds of employee contributions	(70,723,000)	(70,723,000)	—
Administrative expense	—	(757,000)	757,000
Net changes	43,759,700	(77,965,000)	121,724,700
Balances at December 31, 2018	\$ 1,334,621,024	\$ 965,241,000	\$ 369,380,024

### Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the County, calculated using the discount rate of 7.00 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's net pension liability	\$ 522,723,830	\$ 369,380,024	\$ 240,369,675

### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2018, the County recognized pension expense of \$67,702,370. The following table provides a summary of the deferred inflows and outflows related to pensions as of December 31, 2018 (the measurement date):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,832,867	\$ —
Changes of assumptions	—	—
Net difference between projected and actual earnings on plan investments	72,865,537	—
Total	\$ 78,698,404	\$ —

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Deferred Outflows (Inflows) of Resources
2019	\$ 32,079,765
2020	11,227,546
2021	10,042,805
2022	25,348,288
Thereafter	—

**B. Defined Contribution Pension Plan**

The Gwinnett County Defined Contribution Pension Plan (the "DC Plan") is a defined contribution retirement plan established by Gwinnett County on August 1, 2000 to provide retirement benefits for appointed and elected officials. Effective January 1, 2007, all new eligible employees were required to participate in this plan, and the defined benefit plan was closed to new participants. The DC Plan is administered by Voya Financial. On December 31, 2018, there were 3,570 active participants. Plan participants are required to make a one-time, irrevocable election of either 2.5, 5.0, or 7.5 percent contribution of their pensionable earnings, and the County is required to contribute 11.5 percent of pensionable earnings (for employees hired prior to January 1, 2007) or 7.0 percent of pensionable earnings (for employees hired after January 1, 2007). Plan provisions and contribution requirements are established by and may be amended by the County Board of Commissioners within the scope of all applicable laws. The effective date of the plan was August 1, 2000. For the year ended December 31, 2018, the amount contributed by employees was \$7,822,970. The amount contributed by the County was \$15,840,846. Effective January 1, 2007, a one (1) percent match of pensionable earnings for each employee who contributes at least 2.5 percent to their 457(b) account is made by the County to the DC Plan. Employees hired before January 1, 2016 vest in the County contributions on the following schedule: after 1 year of service they are vested 33 percent, after 2 years of service they are vested 67 percent, and after 3 years of service they are vested 100 percent. Employees hired on or after January 1, 2016 vest in the County contributions on the following schedule: after 3 years of service they are vested 33 percent, after 4 years of service they are vested 67 percent, and after 5 years of service they are vested 100 percent.

The DC Plan also contains an additional benefit – the Retiree Medical Savings Plan (401h). This plan is also administered by Voya Financial. All contributions to this plan are made by the County at 1.5 percent of pensionable earnings. This plan is for employees hired prior to January 1, 2007. Upon retirement, employees may receive disbursements from this account for eligible medical expenses. In 2018, the County contributed \$424,957 to this plan. Persons leaving County employment prior to retirement forfeit all rights or claims against the medical savings program and those funds are returned to the program for payment of expenses or redistribution in accordance with IRS §401h.



## NOTE 13.

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### Other Post-Employment Benefits

During the year ended December 31, 2018, the County adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures for Other Post-Employment Benefits (OPEB) that are provided to the employees of state and local governmental employers.

#### General Information about the OPEB Plan

##### Plan Description

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

##### Summary of Significant Accounting Policies

The Plan's significant accounting policies are as follows:

##### Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting. Contributions, which are based on payrolls for time worked through December 31 each year, are also accrued at year-end.

##### Cash and Cash Equivalents

The Plan considers all depository accounts, money market depository accounts, and un-invested cash in investment trust accounts to be cash equivalents.

##### Valuation of Investments

Investments are recorded at fair value. The net appreciation (depreciation) in the fair value of investments held by the Plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the statement of fiduciary net position date. Investment income is recognized on the accrual basis as earned by the Plan.

##### Payment of Benefits

Benefits to retired participants are recorded when due in accordance with the terms of the Plan.

##### Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Complete financial statements for the Gwinnett County Retirement System Health Insurance Plan can be obtained at the Gwinnett County Department of Financial Services located at:

75 Langley Drive  
Lawrenceville, GA 30046

### General

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

### Retirement Options/Benefit Provisions

Eligible retirees and former employees who are not Medicare Eligible are offered the same health and prescription drug coverage as active employees with the addition of a Preferred Provider Organization Health Plan and a Bronze High Deductible Health Plan. Medicare Eligible retirees and former employees who are Medicare Eligible are offered a Medicare Advantage Plan. Retirees pay approximately 31 percent of actuarially calculated and self-supporting monthly rates. The County contributes the remainder of the rates, but it caps its contribution at specific monthly limits. Participants pay 100 percent of the cost of vision and dental coverage.

### Eligibility

Eligible participants for Other Post-Employment Benefits include:

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

### Plan Membership

The following schedule reflects membership in the OPEB Plan as of January 1, 2018:

Active participants	4,733
Inactive members or their beneficiaries currently receiving benefits	1,472
Inactive members entitled to but not yet receiving benefits	—
Total	<u>6,205</u>

### Contributions

In 2018, Gwinnett County contributed an actuarially determined amount to the OPEB Plan's trust. The annual contribution amount is determined using actuarial methods and assumptions approved by the Retirement Plans Management Committee. Effective for the January 1, 2018 plan year, the recommended contribution for the County was set at \$9,326,659, and the County contributed \$10,649,000.

## Net OPEB Liability

The County's net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2018 with update procedures performed by the actuary to roll forward the total OPEB liability measured as of December 31, 2018.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the types of benefit provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point. The assumptions used in the January 1, 2018 actuarial valuation were as follows:

Valuation date	January 1, 2018
Actuarial cost method	Entry age normal
Price inflation	3.0 percent
Investment rate of return	7.0 percent, net of investment expense, including inflation
Health care cost trend rate (used until hard cap is reached):	
Pre-Medicare eligible	5.0 – 7.75 percent, including inflation
Medicare eligible	5.0 – 5.75 percent, including inflation
Ultimate trend rate and year:	
Pre-Medicare eligible	5.00 percent, achieved 2024
Medicare eligible	5.00 percent, achieved 2021
Mortality	Pre-Retirement Mortality: 1983 Group Annuity Mortality Table multiplied by 50% for males and the 1983 Group Annuity Mortality Table for females  Post-Retirement Health Mortality: The rates of mortality for the period after service retirement are according to the 1994 Group Annuity Mortality Static Table Projected to 2001 using scale AA for males and females.  Post-Retirement Disabled Mortality: The rates of mortality for the period after service retirement are according to the 1994 Group Annuity Mortality Static Table Projected to 2001 using scale AA for males and females.

The actuarial assumptions used for retirement, termination, and disability decrements for Plan participants who also are members of the County's defined benefit pension plan are based on the results of an actuarial experience study performed for the three year period ending January 1, 2009. The actuarial assumptions used for retirement and termination for Plan participants who also are members of the County's defined contribution pension plan are based on the results of an actuarial experience study performed for the period from January 1, 2007 through January 1, 2012. The remaining actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study done concurrently with the January 1, 2018 valuation.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as provided by the Plan's Investment Consultant are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
U.S. large cap	30.0%	5.1%
U.S. mid cap	7.5%	5.4%
U.S. small cap	7.5%	5.6%
International	10.0%	6.4%
Global allocation	10.0%	5.7%
Real estate	5.0%	6.7%
Emerging markets	5.0%	7.8%
U.S. fixed income	20.0%	1.7%
Global fixed income	5.0%	2.0%
Cash	0.0%	0.7%
Total	100%	

\* Returns are net of inflation of 2.1 percent.

The discount rate used to measure the total OPEB liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed the County will contribute the actuarially determined contribution. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make projected future benefit payments of all current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the future projected benefit payments to determine the total OPEB liability.



## Changes in the Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at December 31, 2017	\$ 199,413,123	\$ 140,705,000	\$ 58,708,123
Changes for the year:			
Service cost	4,808,661	—	4,808,661
Interest	13,927,150	—	13,927,150
Difference between expected and actual experience	15,018,043	—	15,018,043
Changes of assumptions	475,962	—	475,962
Contributions – employer	—	10,649,000	(10,649,000)
Net investment income	—	(7,699,000)	7,699,000
Benefit payments, including refunds of employee contributions	(10,525,000)	(10,525,000)	—
Administrative expense	—	(617,000)	617,000
Net changes	23,704,816	(8,192,000)	31,896,816
Balances at December 31, 2018	\$ 223,117,939	\$ 132,513,000	\$ 90,604,939

### Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the County, calculated using the discount rate of 7.00 percent, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's net OPEB liability	\$ 109,310,322	\$ 90,604,939	\$ 74,281,780

### Sensitivity of the net OPEB liability to changes in the health care cost trend rate

The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Health Care Trend Rate	1% Increase
County's net OPEB liability	\$ 88,259,884	\$ 90,604,939	\$ 92,610,606

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources**

For the year ended December 31, 2018, the County recognized OPEB expense of \$15,680,018. The following table provides a summary of the deferred inflows and outflows related to OPEB as of December 31, 2018 (the measurement date):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,446,460	\$ —
Changes of assumptions	394,462	—
Net difference between projected and actual earnings on plan investments	14,024,876	—
Total	\$ 26,865,798	\$ —

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB benefits will be recognized in OPEB expense as follows:

Year ended December 31:	Deferred Outflows (Inflows) of Resources
2019	\$ 6,159,302
2020	6,159,302
2021	6,159,302
2022	6,159,302
2023	2,228,590



# NOTE 14.

## Fund Balances and Net Position

### A. Nonspendable, Restricted, Committed, Assigned, and Unassigned Fund Balances

Nonspendable, restricted, committed, assigned, and unassigned fund balances in the various funds as of December 31, 2018, were as follows (in thousands of dollars):

Fund balances	General	Fire and EMS District	Police Services District	Other Capital Projects	2009 Sales Tax	2014 Sales Tax	2017 Sales Tax	Other Governmental	Total
<b>Nonspendable:</b>									
Inventories	\$ 1,053	—	—	—	—	—	—	175	1,228
Prepaid items	783	73	392	—	—	—	—	168	1,416
<b>Restricted for:</b>									
Capital projects	—	—	—	211,368	111,734	153,416	180,997	—	657,515
Debt service	—	—	—	—	—	—	—	12,527	12,527
Special programs:									
Street lighting	—	—	—	—	—	—	—	2,256	2,256
Speed humps	—	—	—	—	—	—	—	1,238	1,238
Document printing	—	—	—	—	—	—	—	2,192	2,192
Juvenile court supervision	—	—	—	—	—	—	—	164	164
Tourism	—	—	—	—	—	—	—	8,234	8,234
Stadium operations	—	—	—	—	—	—	—	2,164	2,164
Law enforcement – sheriff	—	—	—	—	—	—	—	1,302	1,302
Law enforcement – police	—	—	—	—	—	—	—	3,322	3,322
Crime victims assistance	—	—	—	—	—	—	—	852	852
Law enforcement – district attorney	—	—	—	—	—	—	—	462	462
Corrections inmate welfare	—	—	—	—	—	—	—	416	416
Sheriff inmate store	—	—	—	—	—	—	—	3,557	3,557
E-911 services	—	—	—	—	—	—	—	25,731	25,731
Loganville EMS district	—	—	—	—	—	—	—	717	717
Development and enforcement services district	—	—	—	—	—	—	—	10,802	10,802
Recreation district	—	—	—	—	—	—	—	21,054	21,054
Jimmy Carter Boulevard tax allocation district	—	—	—	—	—	—	—	4,425	4,425
Indian Trail tax allocation district	—	—	—	—	—	—	—	1,437	1,437
Park Place tax allocation district	—	—	—	—	—	—	—	477	477
Lake Lucerne tax allocation district	—	—	—	—	—	—	—	119	119
Gwinnett Place tax allocation district	—	—	—	—	—	—	—	888	888
Grants	—	—	—	—	—	—	—	2,470	2,470
Fire and EMS district	—	57,708	—	—	—	—	—	—	57,708
Police services district	—	—	68,770	—	—	—	—	—	68,770
<b>Committed to:</b>									
Tree replacement	—	—	—	—	—	—	—	329	329
<b>Assigned to:</b>									
General fund – 2019 budget: appropriation of fund balance	42,188	—	—	—	—	—	—	—	42,188
Capital projects:									
General government projects	—	—	—	99,757	—	—	—	—	99,757
<b>Unassigned</b>	115,218	—	—	—	—	—	—	—	115,218
<b>Total fund balances</b>	<b>\$ 159,242</b>	<b>57,781</b>	<b>69,162</b>	<b>311,125</b>	<b>111,734</b>	<b>153,416</b>	<b>180,997</b>	<b>107,478</b>	<b>1,150,935</b>

**B. Net Position**

Net position in the governmentwide statements as of December 31, 2018, was as follows (in thousands of dollars):

<b>Net Position</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Net investment in capital assets</b>	\$ 2,420,755	\$ 3,240,775	\$ 5,661,530
<b>Restricted for:</b>			
Capital projects:			
2009 sales tax capital project fund	111,734	—	111,734
2014 sales tax capital project fund	153,416	—	153,416
2017 sales tax capital project fund	180,997	—	180,997
Fire and EMS district	66,313	—	66,313
Police services district	120,519	—	120,519
Development and enforcement services district	12,280	—	12,280
Recreation district projects	12,256	—	12,256
Debt service	12,545	27,355	39,900
Special programs:			
Street lighting	2,292	—	2,292
Speed humps	1,241	—	1,241
Document printing	2,192	—	2,192
Juvenile court supervision	164	—	164
Tourism	8,234	—	8,234
Stadium operations	2,164	—	2,164
Law enforcement – sheriff	1,302	—	1,302
Law enforcement – police	3,326	—	3,326
Crime victims assistance	657	—	657
Law enforcement – district attorney	462	—	462
Corrections inmate welfare	416	—	416
Sheriff inmate store	3,557	—	3,557
E-911 services	18,634	—	18,634
Loganville EMS district	717	—	717
Development and enforcement services district	2,531	—	2,531
Recreation district	9,896	—	9,896
Jimmy Carter Boulevard tax allocation district	4,437	—	4,437
Indian Trail tax allocation district	1,458	—	1,458
Park Place tax allocation district	491	—	491
Lake Lucerne tax allocation district	127	—	127
Gwinnett Place tax allocation district	936	—	936
Grants	2,304	—	2,304
Police services district	26,474	—	26,474
<b>Unrestricted</b>	158,470	345,627	504,097
<b>Total net position</b>	\$ 3,343,297	\$ 3,613,757	\$ 6,957,054

## NOTE 15.

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### Tax Abatements

Under the *Gwinnett County Economic Development Ordinance* Section 2-151, et. seq. adopted April 19, 2006, the County participates in agreements with the Gwinnett County Development Authority and local businesses through a “Bonds for Title Program” which creates property tax abatements. A targeted business that receives a bond in exchange for the title of their property may receive a reduction of taxable value equal to the reciprocal of the number of years of the bond term applied to the market value of the total real estate. The gain in equity as the bond repayments are made becomes taxable in each subsequent year. Targeted businesses include: advanced manufacturing, headquarters and professional services, health sciences and services, information technology solutions, and supply chain management.

In order to qualify, certain eligibility requirements must be met and will differ if the targeted business is in a redevelopment area such as a community improvement district (CID) or tax allocation district (TAD). For businesses not located in a redevelopment area, at least two of the following conditions must be met over a specified period: 1) add at least 25 jobs, 2) pay an average salary at least 1.25 times the County average for the industry, or 3) have an estimated fiscal impact with a net present value to the County of at least \$250,000 as determined by the County’s analysis. For those businesses located in a redevelopment area, requirements have a lower threshold and include satisfying at least two of the following conditions over a specified period: 1) add at least 10 new jobs, 2) pay at least the nationwide average salary for that industry, or 3) have an estimated fiscal impact with a net present value to the County of at least \$100,000, as determined by the County’s analysis.

Any businesses receiving the abatement under this ordinance will agree not to relocate outside the County for the entire period during which the abatement is granted. If the business relocates, the full value of any and all abatements received pursuant to the ordinance will be reimbursed to the County or issuing Authority. Should the business fail to meet fiscal impact, income, or employment requirements, there will be a 20 percent reduction in the abatement to be received for the first such year. If requirements are not met for more than one year, there will be a 50 percent reduction for the second such year. A third year of non-attainment of requirements will result in a termination of the abatement pursuant to the Ordinance.

For the fiscal year ended December 31, 2018, the County abated property taxes totaling \$1,158,229 under this program.

## NOTE 16.

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### Contingencies

#### A. Litigation

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

#### B. Grants

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



# DID YOU KNOW

*In 2018, Gwinnett Animal Shelter saved  
95 percent of impounded animals and  
implemented a new foster care program.*

# REQUIRED SUPPLEMENTARY INFORMATION



# REQUIRED SUPPLEMENTARY INFORMATION

## Defined Benefit Pension Plan

Schedule of Changes in the County's Net Pension Liability and Related Ratios (in thousands)

	2018	2017	2016	2015	2014
<b>Total pension liability:</b>					
Service cost	\$ 11,729	12,020	12,413	10,381	11,390
Interest	88,706	85,244	82,914	81,013	77,618
Difference between expected and actual experience	14,048	21,474	3,738	17,981	-
Changes of assumptions	-	-	-	121,862	-
Benefit payments	(70,723)	(67,254)	(63,539)	(59,323)	(54,595)
<b>Net change in total pension liability</b>	43,760	51,484	35,526	171,914	34,413
<b>Total pension liability – beginning</b>	1,290,861	1,239,377	1,203,851	1,031,937	997,524
<b>Total pension liability – ending (a)</b>	\$ 1,334,621	1,290,861	1,239,377	1,203,851	1,031,937
<b>Plan fiduciary net position</b>					
Contributions – employer	41,633	38,366	28,036	33,636	48,713
Contributions – member	6,419	6,441	6,652	6,852	7,264
Net investment income	(54,537)	140,526	56,004	(2,182)	58,212
Benefit payments	(70,723)	(67,254)	(63,539)	(59,323)	(54,595)
Administrative expense	(757)	(724)	(818)	(638)	(878)
<b>Net change in plan fiduciary net position</b>	(77,965)	117,355	26,335	(21,655)	58,716
<b>Plan fiduciary net position – beginning</b>	1,043,206	925,851	899,516	921,171	862,455
<b>Plan fiduciary net position – ending (b)</b>	\$ 965,241	1,043,206	925,851	899,516	921,171
<b>Net pension liability – ending (a) – (b)</b>	\$ 369,380	247,655	313,526	304,335	110,766
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	72.32%	80.81%	74.70%	74.72%	89.27%
<b>Covered payroll</b>	94,553	94,048	97,303	104,557	109,082
<b>County's net pension liability as a percentage of covered payroll</b>	390.66%	263.33%	322.22%	291.07%	101.54%

NOTE: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

# REQUIRED SUPPLEMENTARY INFORMATION DEFINED BENEFIT PENSION PLAN

## Schedule of County Contributions (in thousands)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined employer contribution	\$ 41,102	37,945	28,036	33,636	38,713	37,281	36,181	37,563	27,506	22,919
Actual county contributions	41,633	38,366	28,036	33,636	48,713	57,281	55,181	64,063	60,947	37,535
Annual contribution deficiency (excess)	\$ (531)	(421)	—	—	(10,000)	(20,000)	(19,000)	(26,500)	(33,441)	(14,616)
Covered payroll	\$ 94,553	94,048	97,303	104,557	109,082	110,766	116,610	128,215	132,626	164,392
Actual contributions as a percentage of covered payroll	44.03%	40.79%	28.81%	32.17%	44.66%	51.71%	47.32%	49.97%	45.95%	22.83%

## Notes to the Required Supplementary Information

Methods and assumptions used in calculations of actuarially determined contributions in the Schedule of Contributions:

Valuation date	January 1, 2017
Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar
Amortization period	Closed
Remaining amortization period	16 years as of 1/1/2017
Asset valuation method	Five-year smoothed market value
Actuarial assumptions:	
Investment rate of return (includes 3.0 percent inflation)	7.00%
Projected salary increases (includes 4.0 percent inflation)	4.50% – 5.50%
Price Inflation	3.00%
Wage Inflation	4.00%
Cost-of-living adjustments	1.00%

### Changes of benefit terms

In 2007, the plan was amended and restated during the year to close the plan to new participants effective January 1, 2007.

In 2010, the employee contribution rates for Schedule B and Schedule C employees was increased 1.75 percent and plan compensation now includes overtime, overtime premium, scheduled overtime, and scheduled overtime premium.

### Changes of assumption

In 2010, assumptions were updated as a result of an experience study for the three-year period ended January 1, 2009.

In 2015, the assumed rate of return on investments was reduced from 8.00 percent to 7.00 percent.

Complete financial statements for the Gwinnett County Defined Benefit Plan can be obtained at the Gwinnett County Department of Financial Services located at:

75 Langley Drive  
Lawrenceville, GA 30046

# REQUIRED SUPPLEMENTARY INFORMATION OTHER POST-EMPLOYMENT BENEFITS (OPEB)

## Schedule of Changes in the County's Net OPEB Liability and Related Ratios (in thousands)

	<u>2018</u>	<u>2017</u>
<b>Total OPEB liability:</b>		
Service cost	\$ 4,809	4,877
Interest	13,927	13,095
Difference between expected and actual experience	15,018	-
Changes of assumptions	476	-
Benefit payments	(10,525)	(11,279)
<b>Net change in total OPEB liability</b>	<u>23,705</u>	<u>6,693</u>
<b>Total OPEB liability – beginning</b>	<u>199,413</u>	<u>192,720</u>
<b>Total OPEB liability – ending (a)</b>	<u>\$ 223,118</u>	<u>199,413</u>
<b>Plan net position</b>		
Contributions – employer	10,649	10,212
Net investment income	(7,699)	19,436
Benefit payments	(10,525)	(11,279)
Administrative expense	(617)	(672)
<b>Net change in plan net position</b>	<u>(8,192)</u>	<u>17,697</u>
<b>Plan net position – beginning</b>	<u>140,705</u>	<u>123,008</u>
<b>Plan net position – ending (b)</b>	<u>\$ 132,513</u>	<u>140,705</u>
<b>Net OPEB liability – ending (a) – (b)</b>	<u>\$ 90,605</u>	<u>58,708</u>
<b>Plan net position as a percentage of the total OPEB liability</b>	59.39%	70.56%
<b>Covered employee payroll</b>	260,420	240,315
<b>Net OPEB liability as a percentage of covered employee payroll</b>	34.79%	24.43%

NOTE: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

# REQUIRED SUPPLEMENTARY INFORMATION OTHER POST-EMPLOYMENT BENEFITS

## Schedule of County Contributions (in thousands)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined employer contribution	\$ 9,327	9,521	10,494	9,895	9,389	11,137	15,641	16,255	15,219	14,332
Actual county contributions	10,649	10,212	13,257	11,587	9,977	11,313	16,877	24,313	26,840	16,521
Annual contribution deficiency (excess)	\$ (1,322)	(691)	(2,763)	(1,692)	(588)	(176)	(1,236)	(8,058)	(11,621)	(2,189)
Covered employee payroll	\$ 260,420	240,315	224,112	215,187	206,640	210,700	211,636	219,527	212,204	225,465
Actual contributions as a percentage of covered employee payroll	4.09%	4.25%	5.92%	5.38%	4.83%	5.37%	7.97%	11.08%	12.65%	7.33%

## Notes to the Required Supplementary Information

Methods and assumptions used in calculations of actuarially determined contributions in the Schedule of Contributions:

Valuation date	January 1, 2017
Actuarial cost method	Projected Unit Credit
Amortization method	Level percent of pay
Amortization period	Closed
Remaining amortization period	28 years
Asset valuation method	Five-year smoothed market value
Actuarial assumptions:	
Price inflation	3.00%
Investment rate of return (includes inflation)	7.00%
Health care cost trend rate	Pre-Medicare eligible: 5.00% – 7.00%
	Medicare eligible: 5.00% – 5.50%
Ultimate trend rate	Pre-Medicare eligible: 5.00%
	Medicare eligible: 5.00%
Year of ultimate trend rate	Medicare: 2019
	Pre-Medicare: 2022

For actuarial assumptions used in the actuarial valuation above, refer to [Note 13](#) of the financial statements.

### Changes of benefit terms

There are no changes to benefit terms since the prior measurement date.

### Changes of assumption

Since the prior measurement date, the health care cost trend rates have been updated. The pre-Medicare eligible health care cost trend rate changed from 7.00 percent to 7.75 percent, and the Medicare eligible health care cost trend rate changed from 5.50 percent to 5.75 percent.

Complete financial statements for the Gwinnett County OPEB Plan can be obtained at the Gwinnett County Department of Financial Services located at:

75 Langley Drive  
Lawrenceville, GA 30046



# DID YOU KNOW

*The County received a Best In Show award from the  
National Association of County Information Offices  
for the bicentennial website, [www.gwinnett200.com](http://www.gwinnett200.com).*



# NON-MAJOR GOVERNMENTAL FUNDS



# NON-MAJOR GOVERNMENTAL FUNDS

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## Special Revenue

### **Street Lighting Fund**

The Street Lighting Fund supports the County's street light program. Revenues are generated from properties benefiting from existing street lights and are restricted for the purpose of utility payments. Charges for services are collected as special assessment fees in the fourth quarter with property tax collections.

### **Speed Hump Fund**

The Speed Hump Fund supports the County's speed hump program. Revenues are generated from properties benefiting from existing speed humps and are restricted for the purpose of maintenance. Charges for services are collected as special assessment fees in the fourth quarter with property tax collections.

### **Authority Imaging Fund**

The Authority Imaging Fund accounts for revenues received from fees collected by the Clerk of Superior Court Authority for document printing. These monies must be used for the development, implementation, and maintenance of a state-wide automated information system.

### **Juvenile Court Supervision Fund**

The Juvenile Court Supervision Fund accounts for revenues collected as supervision fees from those who are placed under the courts' formal or informal supervision in order for the court to use those collections toward expenditures for specific ancillary services, as required by state law.

### **Tree Bank Fund**

The Tree Bank Fund accounts for all financial transactions relating to the tree preservation and replacement plan in accordance with the *Gwinnett County Buffer, Landscape, and Tree Ordinance*. Revenue collected from developers, when the required tree density units cannot be met, is committed by the Board of Commissioners for the planting of trees.

### **Tourism Fund**

The Tourism Fund accounts for the collection and disbursement of hotel/motel tax revenue in accordance with state law, which includes lease payments for the Infinite Energy Center and parking facility. The project was financed with bonds and is leased at cost with lease repayment terms mirroring the required debt service on the bonds. Lease payments are made in March and September and are reflected in the Development Authority line item. Other expenditures associated with this fund are quarterly payments to the Gwinnett Convention and Visitors Bureau, per a management agreement.

### **Stadium Fund**

The Stadium Fund accumulates stadium-related revenues in order to make lease payments on the Stadium (Coolray Field) and pay other miscellaneous expenditures. The stadium project was financed with bonds and is leased at cost with lease repayment terms mirroring the required debt service on the bonds. Lease payments are made in January and July and are shown in the Development Authority line item. Motor vehicle rental taxes are restricted and expended in accordance with state law. Intergovernmental revenue is realized in the form of a one-time annual payment from the Gwinnett Convention and Visitors Bureau in January. Charges for services revenues from ticket sales, parking, rental fees, and naming rights are received in April, June, and October; both intergovernmental and charges for services revenues are required to be expended in accordance with an operations and management agreement.

### **Sheriff Special Justice Fund**

The Sheriff Special Justice Fund accounts for revenues resulting from the U.S. Department of Justice's confiscation of money or the sale of property from illegal drug and narcotics activities. The law states that any money or property confiscated in this manner shall be used for restricted purposes, and all expenditures are validated against federal guidelines.

### **Sheriff Special Treasury Fund**

The Sheriff Special Treasury Fund accounts for revenues resulting from the U.S. Department of Treasury's confiscation of money or the sale of property from illegal drug and narcotics activities. The law states that any money or property confiscated in this manner shall be used for restricted purposes, and all expenditures are validated against federal guidelines.

**Sheriff Special State Fund**

The Sheriff Special State Fund accounts for revenues resulting from the state of Georgia's confiscation of money or the sale of property from illegal drug and narcotics activities. The law states that any money or property confiscated in this manner shall be used for restricted purposes, and all expenditures are validated against federal guidelines.

**Police Special Justice Fund**

The Police Special Justice Fund accounts for revenues resulting from the U.S. Department of Justice's confiscation of money or the sale of property from illegal drug and narcotics activities. The law states that any money or property confiscated in this manner shall be used for restricted purposes, and all expenditures are validated against federal guidelines.

**Police Special State Fund**

The Police Special State Fund accounts for revenues resulting from the state of Georgia's confiscation of money or the sale of property from illegal drug and narcotics activities. The law states that any money or property confiscated in this manner shall be used for restricted purposes, and all expenditures are validated against state guidelines.

**Crime Victims Assistance Fund**

The Crime Victims Assistance Fund accounts for revenues received from a five percent charge collected on fines within the Recorder's, Juvenile, State, Superior, and Magistrate Courts of Gwinnett County. Revenues are also received from five percent of fines from municipalities within Gwinnett County. These funds must be used to provide assistance to crime victims, in accordance with state law. Revenue is split between the Solicitor's and District Attorney's offices.

**District Attorney Federal Justice Asset Sharing Fund**

The District Attorney Federal Justice Asset Sharing Fund accounts for revenues received from an equitable sharing agreement between the Department of Justice and the Gwinnett County District Attorney for proceeds from confiscations. The law states that any money or property confiscated in this manner shall be used for restricted purposes, and all expenditures are validated against federal and state guidelines.

**District Attorney Federal Treasury Asset Sharing Fund**

The District Attorney Federal Justice Asset Sharing Fund accounts for revenues received from an equitable sharing agreement between the Department of Treasury and the Gwinnett County District Attorney for proceeds from confiscations. The law states that any money or property confiscated in this manner shall be used for restricted purposes, and all expenditures are validated against federal and state guidelines.

**Corrections Inmate Welfare Fund**

The Corrections Inmate Welfare Fund accounts for proceeds received from commissary sales to provide recreational materials for the benefit of the inmates at the Corrections Facility, in accordance with state law.

**Sheriff Inmate Fund**

The Sheriff Inmate Fund accounts for proceeds received from commissary sales to provide recreational materials for the benefit of the inmates at the Detention Center, in accordance with guidelines established by the Georgia Sheriff's Association.

**E-911 Fund**

The E-911 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. Expenditures must comply with *Official Code of Georgia Annotated Title 46, chapter 5, Article 2, Part 4*.

**Loganville Emergency Medical Services District Fund**

The Loganville Emergency Medical Services District Fund accounts for the revenues and expenditures attributable to the Loganville Emergency Medical Services District. This 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. The majority of expenditures are recorded in the fall based upon the certified property tax digest, as outlined in the intergovernmental agreement with the City of Loganville.

### **Development and Enforcement Services District Fund**

The Development and Enforcement Services District Fund accounts for the revenues and expenditures attributable to the Development and Enforcement Services District. This district includes all properties within unincorporated Gwinnett County. The County is responsible for providing short-term planning and code enforcement services within this district. A property tax is levied, which is restricted, to support this service district.

### **Recreation District Fund**

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

### **Jimmy Carter Boulevard TAD Fund**

The Jimmy Carter Boulevard TAD Fund accounts for the positive tax increment revenues attributable to the Jimmy Carter Tax Allocation District (TAD). These revenues are restricted and used to pay for the redevelopment costs that provide substantial public benefit in accordance with the Jimmy Carter Boulevard Redevelopment Plan. This TAD is located in the Gateway85 Gwinnett Community Improvement District along the Jimmy Carter Boulevard corridor adjacent to the city of Norcross.

### **Indian Trail TAD Fund**

The Indian Trail TAD Fund accounts for the positive tax increment revenues attributable to the Indian Trail Tax Allocation District (TAD). These revenues are restricted and used to pay for redevelopment costs that provide substantial public benefit in accordance with the Indian Trail Redevelopment Plan. The Indian Trail TAD is located in the Gateway85 Gwinnett Community Improvement District at the I-85 and Indian Trail-Lilburn Road interchange adjacent to the city of Norcross.

### **Park Place TAD Fund**

The Park Place TAD Fund accounts for positive tax increment revenues attributable to the Park Place Tax Allocation District (TAD). These revenues are restricted and used to pay for redevelopment costs that provide substantial public benefit in accordance with the Park Place Redevelopment Plan. The Park Place TAD is located in the Evermore Community Improvement District at the intersection of Highway 78 (Stone Mountain Highway) and Rockbridge Road.

### **Lake Lucerne TAD Fund**

The Lake Lucerne TAD Fund accounts for positive tax increment revenues attributable to the Lake Lucerne Tax Allocation District (TAD). These revenues are restricted and used to pay for redevelopment costs that provide substantial public benefit in accordance with the Lake Lucerne Redevelopment Plan. The Lake Lucerne TAD is located in the Evermore Community Improvement District at the intersection of Highway 78 (Stone Mountain Highway) and Killian Hill Road.

### **Gwinnett Place TAD Fund**

The Gwinnett Place TAD Fund accounts is used to account for positive tax increment revenues attributable to the Gwinnett Place Tax Allocation District (TAD). These revenues are restricted and used to pay for redevelopment costs that provide substantial public benefit in accordance with the Gwinnett Place Redevelopment Plan. This district includes properties in the Gwinnett Place Community Improvement District which is located in the Gwinnett Place Redevelopment Area at the intersection of I-85 and Pleasant Hill Road in Duluth.

### **Grant Funds**

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

## **DEBT SERVICE FUND**

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### **Debt Service Fund**

The Debt Service Fund specifically accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Revenue is derived principally from a countywide property tax levied for debt services.

# OTHER GOVERNMENTAL FUNDS COMBINING BALANCE SHEET

December 31, 2018

(in thousands of dollars)

	Street Lighting	Speed Hump	Authority Imaging	Juvenile Court Supervision	Tree Bank	Tourism	Stadium	Sheriff Special Justice	Sheriff Special Treasury	Sheriff Special State	Police Special Justice
<b>ASSETS:</b>											
Cash and cash equivalents	\$ 1,758	886	2,192	164	329	7,762	2,062	428	469	405	645
Investments	965	402	—	—	—	—	—	—	—	—	—
Receivables, net of allowance:											
Taxes	230	4	—	—	—	—	—	—	—	—	—
Accounts	—	3	—	—	—	870	102	—	—	—	—
Due from other governments	—	—	—	—	—	—	—	—	—	—	—
Inventories	—	—	—	—	—	—	—	—	—	—	—
Prepaid items	—	—	—	—	—	—	—	—	—	—	4
Total assets	\$ 2,953	1,295	2,192	164	329	8,632	2,164	428	469	405	649
<b>LIABILITIES:</b>											
Accounts payable	\$ 502	54	—	—	—	398	—	—	—	—	—
Due to other governments	—	—	—	—	—	—	—	—	—	—	—
Payroll payable	3	—	—	—	—	—	—	—	—	—	—
Retainage payable	—	—	—	—	—	—	—	—	—	—	—
Due to other funds	—	—	—	—	—	—	—	—	—	—	—
Due to others	—	—	—	—	—	—	—	—	—	—	—
Total liabilities	505	54	—	—	—	398	—	—	—	—	—
<b>DEFERRED INFLOWS OF RESOURCES:</b>											
Unavailable revenue – property taxes	192	3	—	—	—	—	—	—	—	—	—
Total deferred inflows of resources	192	3	—	—	—	—	—	—	—	—	—
<b>FUND BALANCES:</b>											
Nonspendable	—	—	—	—	—	—	—	—	—	—	4
Restricted	2,256	1,238	2,192	164	—	8,234	2,164	428	469	405	645
Committed	—	—	—	—	329	—	—	—	—	—	—
Total fund balances	2,256	1,238	2,192	164	329	8,234	2,164	428	469	405	649
Total liabilities, deferred inflows of resources and fund balances	\$ 2,953	1,295	2,192	164	329	8,632	2,164	428	469	405	649

Non-major Special Revenue Funds

Police Special State	Crime Victims Assistance	DA Federal Justice Asset Sharing	DA Federal Treasury Asset Sharing	Corrections Inmate Welfare	Sheriff Inmate	E-911	Loganville EMS District	Development & Enforcement Services District	Recreation District	Jimmy Carter Boulevard TAD	Indian Trail TAD	Park Place TAD
2,687	857	427	46	417	3,609	9,796	717	5,333	14,353	4,425	1,437	477
—	—	—	—	—	—	16,000	—	5,862	7,692	—	—	—
—	—	—	—	—	—	—	—	179	857	12	21	14
—	34	—	—	—	—	79	—	72	66	—	—	—
—	—	—	—	—	—	409	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	175	—	—	—
—	—	—	—	—	—	16	—	—	18	—	—	—
<u>2,687</u>	<u>891</u>	<u>427</u>	<u>46</u>	<u>417</u>	<u>3,609</u>	<u>26,300</u>	<u>717</u>	<u>11,446</u>	<u>23,161</u>	<u>4,437</u>	<u>1,458</u>	<u>491</u>
10	3	11	—	1	52	86	—	49	664	—	—	—
—	—	—	—	—	—	110	—	—	—	—	—	—
—	36	—	—	—	—	357	—	297	689	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	184	—	—	—	—
<u>10</u>	<u>39</u>	<u>11</u>	<u>—</u>	<u>1</u>	<u>52</u>	<u>553</u>	<u>—</u>	<u>530</u>	<u>1,353</u>	<u>—</u>	<u>—</u>	<u>—</u>
—	—	—	—	—	—	—	—	114	561	12	21	14
—	—	—	—	—	—	—	—	114	561	12	21	14
—	—	—	—	—	—	16	—	—	193	—	—	—
2,677	852	416	46	416	3,557	25,731	717	10,802	21,054	4,425	1,437	477
—	—	—	—	—	—	—	—	—	—	—	—	—
<u>2,677</u>	<u>852</u>	<u>416</u>	<u>46</u>	<u>416</u>	<u>3,557</u>	<u>25,747</u>	<u>717</u>	<u>10,802</u>	<u>21,247</u>	<u>4,425</u>	<u>1,437</u>	<u>477</u>
<u>2,687</u>	<u>891</u>	<u>427</u>	<u>46</u>	<u>417</u>	<u>3,609</u>	<u>26,300</u>	<u>717</u>	<u>11,446</u>	<u>23,161</u>	<u>4,437</u>	<u>1,458</u>	<u>491</u>

continued...

# OTHER GOVERNMENTAL FUNDS COMBINING BALANCE SHEET – CONTINUED

December 31, 2018

(in thousands of dollars)

	Non-major Special Revenue Funds					
	Lake Lucerne TAD	Gwinnett Place TAD	Grant	Total Non-major Special Revenue Funds	Debt Service	Total Other Governmental Funds
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 119	888	—	62,688	12,527	75,215
Investments	—	—	—	30,921	—	30,921
Receivables, net of allowance:						
Taxes	8	48	—	1,373	18	1,391
Accounts	—	—	—	1,226	—	1,226
Due from other governments	—	—	4,583	4,992	—	4,992
Inventories	—	—	—	175	—	175
Prepaid items	—	—	130	168	—	168
Total assets	\$ 127	936	4,713	101,543	12,545	114,088
<b>LIABILITIES:</b>						
Accounts payable	\$ —	—	1,515	3,345	—	3,345
Due to other governments	—	—	—	110	—	110
Payroll payable	—	—	3	1,385	—	1,385
Retainage payable	—	—	12	12	—	12
Due to other funds	—	—	384	384	—	384
Due to others	—	—	199	383	—	383
Total liabilities	—	—	2,113	5,619	—	5,619
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Unavailable revenue – property taxes	8	48	—	973	18	991
Total deferred inflows of resources	8	48	—	973	18	991
<b>FUND BALANCES:</b>						
Nonspendable	—	—	130	343	—	343
Restricted	119	888	2,470	94,279	12,527	106,806
Committed	—	—	—	329	—	329
Total fund balances	119	888	2,600	94,951	12,527	107,478
Total liabilities, deferred inflows of resources and fund balances	\$ 127	936	4,713	101,543	12,545	114,088



# DID YOU KNOW

*Gwinnett celebrated its bicentennial in 2018 with 365 events in partnership with numerous Gwinnett organizations.*

# OTHER GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES,

Year Ended December 31, 2018

(in thousands of dollars)

	Street Lighting	Speed Hump	Authority Imaging	Juvenile Court Supervision	Tree Bank	Tourism	Stadium	Sheriff Special Justice	Sheriff Special Treasury	Sheriff Special State	Police Special Justice
<b>REVENUES:</b>											
Taxes	\$ —	—	—	—	—	11,287	1,026	—	—	—	—
Permits and licenses	—	—	—	—	28	—	—	—	—	—	—
Intergovernmental	—	—	—	—	—	—	400	—	—	—	—
Charges for services	7,295	122	627	73	—	1	1,069	—	—	—	—
Fines and forfeitures	—	—	—	—	—	—	—	81	191	109	245
Investment earnings	40	20	3	—	—	115	12	—	—	—	—
Miscellaneous	—	—	—	—	—	389	—	41	—	—	2
Total revenues	\$ 7,335	142	630	73	28	11,792	2,507	122	191	109	247
<b>EXPENDITURES:</b>											
Current operating:											
Public safety	\$ —	—	—	—	—	—	—	—	—	—	138
Judiciary	—	—	—	35	—	—	—	43	73	7	—
Public works	7,321	158	—	—	—	—	—	—	—	—	—
Culture and recreation	—	—	—	—	—	—	—	—	—	—	—
Housing and development	—	—	—	—	—	—	—	—	—	—	—
Tourism	—	—	—	—	—	3,707	—	—	—	—	—
Development authority	—	—	—	—	—	4,921	1,713	—	—	—	—
Grant programs	—	—	—	—	—	—	—	—	—	—	—
Capital outlay	—	—	—	—	—	—	—	—	69	—	—
Debt service	—	—	—	—	—	—	—	—	—	—	—
Intergovernmental	—	—	—	—	—	—	—	—	—	—	—
Total expenditures	7,321	158	—	35	—	8,628	1,713	43	142	7	138
Revenues in excess of (less than) expenditures	14	(16)	630	38	28	3,164	794	79	49	102	109
<b>OTHER FINANCING SOURCES (USES):</b>											
Transfers in	—	—	—	—	—	—	—	25	—	—	—
Transfers out	(9)	—	(1,191)	—	—	(5,000)	—	—	—	—	(226)
Other financing sources (uses), net	(9)	—	(1,191)	—	—	(5,000)	—	25	—	—	(226)
Net change in fund balances	5	(16)	(561)	38	28	(1,836)	794	104	49	102	(117)
Fund balances – January 1	2,251	1,254	2,753	126	301	10,070	1,370	324	420	303	766
Fund balances – December 31	\$ 2,256	1,238	2,192	164	329	8,234	2,164	428	469	405	649

# EXPENDITURES, AND CHANGES IN FUND BALANCES

## Non-major Special Revenue Funds

Police Special State	Crime Victims Assistance	DA Federal Justice Asset Sharing	DA Federal Treasury Asset Sharing	Corrections Inmate Welfare	Sheriff Inmate	E-911	Loganville EMS District	Development & Enforcement Services District	Recreation District	Jimmy Carter Boulevard TAD	Indian Trail TAD	Park Place TAD
—	—	—	—	—	—	6	—	7,507	31,820	1,467	487	350
—	—	—	—	—	—	—	—	4,510	—	—	—	—
—	—	—	—	—	—	—	—	53	232	—	—	—
—	—	—	—	107	806	18,621	—	663	4,103	—	—	—
289	790	397	9	—	—	—	—	—	—	—	—	—
—	18	—	—	—	50	506	9	200	241	—	—	—
—	2	—	—	11	—	13	—	13	2,427	—	—	—
<u>289</u>	<u>810</u>	<u>397</u>	<u>9</u>	<u>118</u>	<u>856</u>	<u>19,146</u>	<u>9</u>	<u>12,946</u>	<u>38,823</u>	<u>1,467</u>	<u>487</u>	<u>350</u>
284	—	—	—	12	—	14,496	32	2,971	—	—	—	—
—	811	124	—	—	377	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	34,704	—	—	—
—	—	—	—	—	—	—	—	6,291	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—
24	—	—	—	—	33	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	3,787	—	—	—	—	—	—
<u>308</u>	<u>811</u>	<u>124</u>	<u>—</u>	<u>12</u>	<u>410</u>	<u>18,283</u>	<u>32</u>	<u>9,262</u>	<u>34,704</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>(19)</u>	<u>(1)</u>	<u>273</u>	<u>9</u>	<u>106</u>	<u>446</u>	<u>863</u>	<u>(23)</u>	<u>3,684</u>	<u>4,119</u>	<u>1,467</u>	<u>487</u>	<u>350</u>
—	—	—	—	—	—	8	—	681	49	—	—	—
—	—	—	—	—	—	(699)	—	(3,682)	(2,702)	—	—	—
—	—	—	—	—	—	(691)	—	(3,001)	(2,653)	—	—	—
<u>(19)</u>	<u>(1)</u>	<u>273</u>	<u>9</u>	<u>106</u>	<u>446</u>	<u>172</u>	<u>(23)</u>	<u>683</u>	<u>1,466</u>	<u>1,467</u>	<u>487</u>	<u>350</u>
<u>2,696</u>	<u>853</u>	<u>143</u>	<u>37</u>	<u>310</u>	<u>3,111</u>	<u>25,575</u>	<u>740</u>	<u>10,119</u>	<u>19,781</u>	<u>2,958</u>	<u>950</u>	<u>127</u>
<u>2,677</u>	<u>852</u>	<u>416</u>	<u>46</u>	<u>416</u>	<u>3,557</u>	<u>25,747</u>	<u>717</u>	<u>10,802</u>	<u>21,247</u>	<u>4,425</u>	<u>1,437</u>	<u>477</u>

continued..

# OTHER GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – CONTINUED

Year Ended December 31, 2018

(in thousands of dollars)

	Non-major Special Revenue Funds					Total Other Governmental Funds
	Lake Lucerne TAD	Gwinnett Place TAD	Grant	Total Non-major Special Revenue Funds	Debt Service	
<b>REVENUES:</b>						
Taxes	\$ 119	888	–	54,957	575	55,532
Permits and licenses	–	–	–	4,538	–	4,538
Intergovernmental	–	–	14,556	15,241	–	15,241
Charges for services	–	–	–	33,487	–	33,487
Fines and forfeitures	–	–	–	2,111	–	2,111
Investment earnings	–	–	–	1,214	213	1,427
Miscellaneous	–	–	561	3,459	–	3,459
Total revenues	<u>\$ 119</u>	<u>888</u>	<u>15,117</u>	<u>115,007</u>	<u>788</u>	<u>115,795</u>
<b>EXPENDITURES:</b>						
Current operating:	\$					
Public safety	–	–	–	17,933	–	17,933
Judiciary	–	–	–	1,470	–	1,470
Public works	–	–	–	7,479	–	7,479
Culture and recreation	–	–	–	34,704	–	34,704
Housing and development	–	–	–	6,291	–	6,291
Tourism	–	–	–	3,707	–	3,707
Development authority	–	–	–	6,634	–	6,634
Grant programs	–	–	13,036	13,036	–	13,036
Capital outlay	–	–	287	413	–	413
Debt service	–	–	–	–	4,249	4,249
Intergovernmental	–	–	–	3,787	–	3,787
Total expenditures	<u>–</u>	<u>–</u>	<u>13,323</u>	<u>95,454</u>	<u>4,249</u>	<u>99,703</u>
Revenues in excess of (less than) expenditures	<u>119</u>	<u>888</u>	<u>1,794</u>	<u>19,553</u>	<u>(3,461)</u>	<u>16,092</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	–	–	156	919	–	919
Transfers out	–	–	(1,502)	(15,011)	–	(15,011)
Other financing sources (uses), net	<u>–</u>	<u>–</u>	<u>(1,346)</u>	<u>(14,092)</u>	<u>–</u>	<u>(14,092)</u>
Net change in fund balances	119	888	448	5,461	(3,461)	2,000
Fund balances – January 1	<u>–</u>	<u>–</u>	<u>2,152</u>	<u>89,490</u>	<u>15,988</u>	<u>105,478</u>
Fund balances – December 31	<u>\$ 119</u>	<u>888</u>	<u>2,600</u>	<u>94,951</u>	<u>12,527</u>	<u>107,478</u>

# BUDGETARY COMPLIANCE

---

## Special Revenue Funds

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

## Capital Projects Funds

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

## Debt Service Fund

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

## Grant Fund

Schedule of revenues and expenditures – budget and actual



# SPECIAL REVENUE FUNDS SCHEDULE OF REVENUES, EXPENDITURES, AND

Year Ended December 31, 2018

(in thousands of dollars)

	Street Lighting			Speed Hump			Authority Imaging		
	Budget	Actual (non-GAAP Budget Basis)	Variance- positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance- positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance- positive (negative)
<b>REVENUES:</b>									
Taxes	\$ —	—	—	—	—	—	—	—	—
Permits and licenses	—	—	—	—	—	—	—	—	—
Intergovernmental	—	—	—	—	—	—	—	—	—
Charges for services	7,417	7,295	(122)	122	122	—	606	627	21
Fines and forfeitures	—	—	—	—	—	—	—	—	—
Investment earnings	4	40	36	7	15	8	2	3	1
Miscellaneous	—	—	—	—	—	—	—	—	—
Total revenues	7,421	7,335	(86)	129	137	8	608	630	22
<b>EXPENDITURES:</b>									
Current operating:									
Public safety	—	—	—	—	—	—	—	—	—
Judiciary	—	—	—	—	—	—	—	—	—
Public works	7,582	7,321	261	160	158	2	—	—	—
Culture and recreation	—	—	—	—	—	—	—	—	—
Housing and development	—	—	—	—	—	—	—	—	—
Tourism	—	—	—	—	—	—	—	—	—
Development authority	—	—	—	—	—	—	—	—	—
Total expenditures	7,582	7,321	261	160	158	2	—	—	—
Revenues in excess of (less than) expenditures	(161)	14	175	(31)	(21)	10	608	630	22
<b>OTHER FINANCING SOURCES (USES):</b>									
Transfers in	—	—	—	—	—	—	—	—	—
Transfers out	(9)	(9)	—	—	—	—	(1,191)	(1,191)	—
Other financing sources (uses), net	(9)	(9)	—	—	—	—	(1,191)	(1,191)	—
Revenues and other financing sources in excess of (less than) expenditures and other financing uses	(170)	5	175	(31)	(21)	10	(583)	(561)	22
Fund balance allocation	170	—	(170)	31	—	(31)	583	—	(583)
Fund balances – January 1	—	2,251	2,251	—	1,254	1,254	—	2,753	2,753
Fund balances – December 31	\$ —	2,256	2,256	\$ —	1,233	1,233	—	2,192	2,192

# CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGET BASIS)

Juvenile Court Supervision			Tree Bank			Tourism			Stadium			Sheriff Special Justice		
Budget	Actual (non-GAAP Budget Basis)	Variance- positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance- positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance- positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance- positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance- positive (negative)
—	—	—	—	—	—	10,773	11,287	514	875	1,026	151	—	—	—
—	—	—	10	28	18	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	400	400	—	—	—	—
54	73	19	—	—	—	—	1	1	1,059	1,069	10	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	81	81	—
—	—	—	—	—	—	25	115	90	—	12	12	—	—	—
—	—	—	—	—	—	—	389	389	—	—	—	—	41	41
54	73	19	10	28	18	10,798	11,792	994	2,334	2,507	173	81	122	41
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
62	35	27	—	—	—	—	—	—	—	—	—	181	43	138
—	—	—	65	—	65	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	4,200	3,707	493	—	—	—	—	—	—
—	—	—	—	—	—	4,920	4,921	(1)	1,715	1,713	2	—	—	—
62	35	27	65	—	65	9,120	8,628	492	1,715	1,713	2	181	43	138
(8)	38	46	(55)	28	83	1,678	3,164	1,486	619	794	175	(100)	79	179
—	—	—	—	—	—	—	—	—	—	—	—	—	25	25
—	—	—	—	—	—	(5,000)	(5,000)	—	—	—	—	—	—	—
—	—	—	—	—	—	(5,000)	(5,000)	—	—	—	—	—	25	25
(8)	38	46	(55)	28	83	(3,322)	(1,836)	1,486	619	794	175	(100)	104	204
8	—	(8)	55	—	(55)	3,322	—	(3,322)	(619)	—	619	100	—	(100)
—	126	126	—	301	301	—	10,070	10,070	—	1,370	1,370	—	324	324
—	164	164	—	329	329	—	8,234	8,234	—	2,164	2,164	—	428	428

continued...

# SPECIAL REVENUE FUNDS SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

Year Ended December 31, 2018

(in thousands of dollars)

	Sheriff Special Treasury			Sheriff Special State			Police Special Justice		
	Budget	Actual (non-GAAP Budget Basis)	Variance- positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance- positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance- positive (negative)
<b>REVENUES:</b>									
Taxes	\$ —	—	—	—	—	—	—	—	—
Permits and licenses	—	—	—	—	—	—	—	—	—
Intergovernmental	—	—	—	—	—	—	—	—	—
Charges for services	—	—	—	—	—	—	—	—	—
Fines and forfeitures	191	191	—	109	109	—	245	245	—
Investment earnings	—	—	—	—	—	—	—	—	—
Miscellaneous	—	—	—	—	—	—	—	2	2
Total revenues	191	191	—	109	109	—	245	247	2
<b>EXPENDITURES:</b>									
Current operating:									
Public safety	—	—	—	—	—	—	208	138	70
Judiciary	341	142	199	184	7	177	—	—	—
Public works	—	—	—	—	—	—	—	—	—
Culture and recreation	—	—	—	—	—	—	—	—	—
Housing and development	—	—	—	—	—	—	—	—	—
Tourism	—	—	—	—	—	—	—	—	—
Development authority	—	—	—	—	—	—	—	—	—
Total expenditures	341	142	199	184	7	177	208	138	70
Revenues in excess of (less than) expenditures	(150)	49	199	(75)	102	177	37	109	72
<b>OTHER FINANCING SOURCES (USES):</b>									
Transfers in	—	—	—	—	—	—	—	—	—
Transfers out	—	—	—	—	—	—	(293)	(226)	67
Other financing sources (uses), net	—	—	—	—	—	—	(293)	(226)	67
Revenues and other financing sources in excess of (less than) expenditures and other financing uses	(150)	49	199	(75)	102	177	(256)	(117)	139
Fund balance allocation	150	—	(150)	75	—	(75)	256	—	(256)
Fund balances – January 1	—	420	420	—	303	303	—	766	766
Fund balances – December 31	\$ —	469	469	—	405	405	—	649	649

# IN FUND BALANCES BUDGET AND ACTUAL (BUDGET BASIS) – CONTINUED

Police Special State			Crime Victims Assistance			DA Federal Justice Asset Sharing			DA Federal Treasury Asset Sharing			Corrections Inmate Welfare		
Budget	Actual (non-GAAP Budget Basis)	Variance- positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance- positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance- positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance- positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance- positive (negative)
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	97	107	10
168	289	121	750	790	40	397	397	—	10	9	(1)	—	—	—
—	—	—	3	18	15	—	—	—	—	—	—	—	—	—
—	—	—	—	2	2	—	—	—	—	—	—	10	11	1
168	289	121	753	810	57	397	397	—	10	9	(1)	107	118	11
582	308	274	—	—	—	—	—	—	—	—	—	20	12	8
—	—	—	884	811	73	402	124	278	33	—	33	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
582	308	274	884	811	73	402	124	278	33	—	33	20	12	8
(414)	(19)	395	(131)	(1)	130	(5)	273	278	(23)	9	32	87	106	19
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
(414)	(19)	395	(131)	(1)	130	(5)	273	278	(23)	9	32	87	106	19
414	—	(414)	131	—	(131)	5	—	(5)	23	—	(23)	(87)	—	87
—	2,696	2,696	—	853	853	—	143	143	—	37	37	—	310	310
—	2,677	2,677	—	852	852	—	416	416	—	46	46	—	416	416

continued...

# SPECIAL REVENUE FUNDS SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

Year Ended December 31, 2018

(in thousands of dollars)

	Sheriff Inmate			E-911			Loganville EMS District		
	Budget	Actual (non-GAAP Budget Basis)	Variance- positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance- positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance- positive (negative)
<b>REVENUES:</b>									
Taxes	\$ —	—	—	—	6	6	—	—	—
Permits and licenses	—	—	—	—	—	—	—	—	—
Intergovernmental	—	—	—	—	—	—	—	—	—
Charges for services	758	806	48	17,741	18,621	880	—	—	—
Fines and forfeitures	—	—	—	—	—	—	—	—	—
Investment earnings	—	50	50	227	422	195	5	9	4
Miscellaneous	—	—	—	—	13	13	—	—	—
Total revenues	758	856	98	17,968	19,062	1,094	5	9	4
<b>EXPENDITURES:</b>									
Current operating:									
Public safety	—	—	—	22,103	18,283	3,820	43	32	11
Judiciary	675	410	265	—	—	—	—	—	—
Public works	—	—	—	—	—	—	—	—	—
Culture and recreation	—	—	—	—	—	—	—	—	—
Housing and development	—	—	—	—	—	—	—	—	—
Tourism	—	—	—	—	—	—	—	—	—
Development authority	—	—	—	—	—	—	—	—	—
Total expenditures	675	410	265	22,103	18,283	3,820	43	32	11
Revenues in excess of (less than) expenditures	83	446	363	(4,135)	779	4,914	(38)	(23)	15
<b>OTHER FINANCING SOURCES (USES):</b>									
Transfers in	—	—	—	8	8	—	—	—	—
Transfers out	—	—	—	(1,027)	(699)	328	—	—	—
Other financing sources (uses), net	—	—	—	(1,019)	(691)	328	—	—	—
Revenues and other financing sources in excess of (less than) expenditures and other financing uses	83	446	363	(5,154)	88	5,242	(38)	(23)	15
Fund balance allocation	(83)	—	83	5,154	—	(5,154)	38	—	(38)
Fund balances – January 1	—	3,111	3,111	—	25,833	25,833	—	740	740
Fund balances – December 31	\$ —	3,557	3,557	—	25,921	25,921	—	717	717

# IN FUND BALANCES BUDGET AND ACTUAL (BUDGET BASIS) – CONTINUED

Development & Enforcement Services District			Recreation District			Jimmy Carter Boulevard TAD			Indian Trail TAD		
Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)
7,294	7,507	213	31,449	31,820	371	1,224	1,467	243	433	487	54
4,054	4,510	456	—	—	—	—	—	—	—	—	—
45	53	8	186	232	46	—	—	—	—	—	—
520	663	143	4,839	4,103	(736)	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
65	172	107	75	284	209	—	—	—	—	—	—
—	13	13	2,688	2,427	(261)	—	—	—	—	—	—
11,978	12,918	940	39,237	38,866	(371)	1,224	1,467	243	433	487	54
7,743	6,291	1,452	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	37,824	34,704	3,120	—	—	—	—	—	—
3,013	2,971	42	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
10,756	9,262	1,494	37,824	34,704	3,120	—	—	—	—	—	—
1,222	3,656	2,434	1,413	4,162	2,749	1,224	1,467	243	433	487	54
717	681	(36)	49	49	—	—	—	—	—	—	—
(3,682)	(3,682)	—	(2,702)	(2,702)	—	—	—	—	—	—	—
(2,965)	(3,001)	(36)	(2,653)	(2,653)	—	—	—	—	—	—	—
(1,743)	655	2,398	(1,240)	1,509	2,749	1,224	1,467	243	433	487	54
1,743	—	(1,743)	1,240	—	(1,240)	(1,224)	—	1,224	(433)	—	433
—	10,142	10,142	—	19,817	19,817	—	2,958	2,958	—	950	950
—	10,797	10,797	—	21,326	21,326	—	4,425	4,425	—	1,437	1,437

continued...

# SPECIAL REVENUE FUNDS SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGET BASIS) – CONTINUED

Year Ended December 31, 2018

(in thousands of dollars)

	Park Place TAD			Lake Lucerne TAD			Gwinnett Place TAD		
	Budget	Actual (non-GAAP Budget Basis)	Variance- positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance- positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance- positive (negative)
<b>REVENUES:</b>									
Taxes	\$ 270	350	80	100	119	19	709	888	179
Permits and licenses	—	—	—	—	—	—	—	—	—
Intergovernmental	—	—	—	—	—	—	—	—	—
Charges for services	—	—	—	—	—	—	—	—	—
Fines and forfeitures	—	—	—	—	—	—	—	—	—
Investment earnings	—	—	—	—	—	—	—	—	—
Miscellaneous	—	—	—	—	—	—	—	—	—
Total revenues	270	350	80	100	119	19	709	888	179
<b>EXPENDITURES:</b>									
Current operating:									
Public safety	—	—	—	—	—	—	—	—	—
Judiciary	—	—	—	—	—	—	—	—	—
Public works	—	—	—	—	—	—	—	—	—
Culture and recreation	—	—	—	—	—	—	—	—	—
Housing and development	—	—	—	—	—	—	—	—	—
Tourism	—	—	—	—	—	—	—	—	—
Development authority	—	—	—	—	—	—	—	—	—
Total expenditures	—	—	—	—	—	—	—	—	—
Revenues in excess of (less than) expenditures	270	350	80	100	119	19	709	888	179
<b>OTHER FINANCING SOURCES (USES):</b>									
Transfers in	—	—	—	—	—	—	—	—	—
Transfers out	—	—	—	—	—	—	—	—	—
Other financing sources (uses), net	—	—	—	—	—	—	—	—	—
Revenues and other financing sources in excess of (less than) expenditures and other financing uses	270	350	80	100	119	19	709	888	179
Fund balance allocation	(270)	—	270	(100)	—	100	(709)	—	709
Fund balances – January 1	—	127	127	—	—	—	—	—	—
Fund balances – December 31	\$ —	477	477	—	119	119	—	888	888



# DID YOU KNOW

*In 2018, Parks and Recreation earned  
Agency of the Year award from the  
Georgia Recreation and Park Association.*

# CAPITAL PROJECTS FUNDS SCHEDULE OF REVENUES, EXPENDITURES, AND

Year Ended December 31, 2018

(in thousands of dollars)

	2009 Sales Tax			2014 Sales Tax		
	Budget	Actual	Variance-positive (negative)	Budget	Actual	Variance-positive (negative)
<b>REVENUES:</b>						
Sales tax proceeds	\$ —	—	—	—	—	—
Intergovernmental	5,857	5,857	—	7,640	7,640	—
Fines and forfeitures	—	—	—	—	—	—
Investment earnings (loss)	2,264	2,303	39	2,804	2,804	—
Miscellaneous	13	13	—	169	170	1
Total revenues	8,134	8,173	39	10,613	10,614	1
<b>EXPENDITURES:</b>						
Capital outlay	37,346	37,346	—	48,891	48,891	—
Intergovernmental	—	—	—	—	—	—
Total expenditures	37,346	37,346	—	48,891	48,891	—
Revenues in excess of (less than) expenditures	(29,212)	(29,173)	39	(38,278)	(38,277)	1
<b>OTHER FINANCING SOURCES:</b>						
Transfers in	—	—	—	—	—	—
Transfers out	—	—	—	—	—	—
Other financing sources, net	—	—	—	—	—	—
Revenues and other financing sources in excess of (less than) expenditures and other financing uses	(29,212)	(29,173)	39	(38,278)	(38,277)	1
Fund balance allocation	29,212	—	(29,212)	38,278	—	(38,278)
Fund balances – January 1	—	141,306	141,306	—	192,727	192,727
Fund balances – December 31	\$ —	112,133	112,133	—	154,450	154,450

Budgets for capital projects funds are adopted on a multi-year basis and appropriated annually. Any unspent budget at the end of the year is rolled forward to the next year.

# CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGET BASIS)

2017 Sales Tax			Other Capital Projects		
Budget	Actual	Variance-positive (negative)	Budget	Actual	Variance-positive (negative)
162,436	162,436	—	—	—	—
6,495	6,495	—	—	—	—
—	—	—	42	42	—
2,673	2,672	(1)	4,558	4,557	(1)
17	17	—	2,357	2,299	(58)
<u>171,621</u>	<u>171,620</u>	<u>(1)</u>	<u>6,957</u>	<u>6,898</u>	<u>(59)</u>
39,564	39,564	—	35,523	35,523	—
34,501	34,501	—	—	—	—
<u>74,065</u>	<u>74,065</u>	<u>—</u>	<u>35,523</u>	<u>35,523</u>	<u>—</u>
97,556	97,555	(1)	(28,566)	(28,625)	(59)
—	—	—	70,180	70,180	—
—	—	—	(544)	(544)	—
<u>—</u>	<u>—</u>	<u>—</u>	<u>69,636</u>	<u>69,636</u>	<u>—</u>
97,556	97,555	(1)	41,070	41,011	(59)
<u>(97,556)</u>	<u>—</u>	<u>97,556</u>	<u>(41,070)</u>	<u>—</u>	<u>41,070</u>
—	83,774	83,774	—	271,614	271,614
<u>—</u>	<u>181,329</u>	<u>181,329</u>	<u>—</u>	<u>312,625</u>	<u>312,625</u>

Budgets for capital projects funds are adopted on a multi-year basis and appropriated annually. Any unspent budget at the end of the year is rolled forward to the next year.

# DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGET BASIS)

Year Ended December 31, 2018

(in thousands of dollars)

	Debt Service Fund		
	Budget	Actual	Variance-positive (negative)
<b>REVENUES:</b>			
Taxes	\$ 478	575	97
Investment earnings	75	213	138
Total revenues	553	788	235
<b>EXPENDITURES:</b>			
Debt service	4,251	4,249	2
Total expenditures	4,251	4,249	2
Revenues in excess of expenditures	(3,698)	(3,461)	237
Fund balance allocation	3,698	—	(3,698)
Fund balances – January 1	—	15,988	15,988
Fund balances – December 31	\$ —	12,527	12,527

# GRANT FUND SCHEDULE OF REVENUES AND EXPENDITURES, BUDGET AND ACTUAL (BUDGET BASIS)

Year Ended December 31, 2018

(in thousands of dollars)

	Grant Fund		
	Budget	Actual (non-GAAP budget basis)	Variance-positive (negative)
<b>REVENUES:</b>			
Intergovernmental revenues	\$ 25,328	21,912	(3,416)
Local revenues	215	718	503
Total revenues	25,543	22,630	(2,913)
<b>EXPENDITURES:</b>			
Program expenditures	25,543	22,279	3,264
Revenues in excess of (less than) expenditures	\$ —	351	351



# OTHER ENTERPRISE FUNDS



# ENTERPRISE FUNDS

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## Other Enterprise Funds

### **Airport Fund**

The Airport Fund includes the combined accounts of the Airport Enterprise Funds and the Airport Authority, which are used to account for the acquisition, construction, operations, and maintenance of the Gwinnett County Airport, Briscoe Field. Revenues are generally derived from the rental of space and facilities.

### **Economic Development Fund**

The Economic Development Fund supports debt service and operations related to economic development.

### **Solid Waste Fund**

The Solid Waste Fund accounts for the financial transactions related to solid waste management in accordance with the *Solid Waste Collection and Disposal Services Ordinance*. The primary intent of the ordinance is the reduction of solid waste being received at disposal facilities. Revenues are derived from non-exclusive franchise fees paid by commercial waste haulers and service fees paid by residential homeowners in unincorporated Gwinnett County.

### **Transit Fund**

The Transit Fund accounts for the acquisition, improvement, maintenance, and operations of the Transit System. Revenues are derived from fares, federal and state grants, and local taxes.

# OTHER ENTERPRISE FUNDS COMBINING STATEMENT OF NET POSITION

December 31, 2018

(in thousands of dollars)

	<u>Airport</u>	<u>Economic Development</u>	<u>Solid Waste</u>	<u>Transit</u>	<u>Total</u>
<b>ASSETS:</b>					
Current assets:					
Cash and cash equivalents	\$ 2,798	680	39,126	2,855	45,459
Investments	—	—	2,703	3,739	6,442
Accounts receivable, net of allowance	77	106	1,019	—	1,202
Due from other governments	209	—	—	3,900	4,109
Total current assets	<u>3,084</u>	<u>786</u>	<u>42,848</u>	<u>10,494</u>	<u>57,212</u>
Noncurrent assets:					
Investments	—	—	23,163	3,542	26,705
Assets held for redevelopment	—	34,936	—	—	34,936
Land and construction in progress	11,949	—	1,317	7,138	20,404
Other capital assets, net of depreciation	6,909	—	63	19,829	26,801
Total noncurrent assets	<u>18,858</u>	<u>34,936</u>	<u>24,543</u>	<u>30,509</u>	<u>108,846</u>
Total assets	<u>21,942</u>	<u>35,722</u>	<u>67,391</u>	<u>41,003</u>	<u>166,058</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>					
Pension related deferred outflows	35	—	71	53	159
OPEB related deferred outflows	25	—	35	37	97
Total deferred outflows of resources	<u>60</u>	<u>—</u>	<u>106</u>	<u>90</u>	<u>256</u>
<b>LIABILITIES:</b>					
Current liabilities:					
Accounts payable	16	50	3,091	3,041	6,198
Payroll payable	18	—	27	25	70
Accumulated leave benefits – current	22	—	17	26	65
Due to others	1	—	—	107	108
Revenue Bonds payable – current	—	1,630	—	—	1,630
Unearned revenue	—	—	39,046	—	39,046
Total current liabilities	<u>57</u>	<u>1,680</u>	<u>42,181</u>	<u>3,199</u>	<u>47,117</u>
Noncurrent liabilities:					
Accumulated leave benefits	20	—	10	11	41
Revenue bonds payable	—	33,805	—	—	33,805
Net pension liability	160	—	334	249	743
Net OPEB liability	84	—	119	122	325
Total noncurrent liabilities	<u>264</u>	<u>33,805</u>	<u>463</u>	<u>382</u>	<u>34,914</u>
Total liabilities	<u>321</u>	<u>35,485</u>	<u>42,644</u>	<u>3,581</u>	<u>82,031</u>
<b>NET POSITION:</b>					
Net investment in capital assets	18,858	—	1,380	26,967	47,205
Unrestricted	2,823	237	23,473	10,545	37,078
Total net position	<u>\$ 21,681</u>	<u>237</u>	<u>24,853</u>	<u>37,512</u>	<u>84,283</u>

# OTHER ENTERPRISE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

Year Ended December 31, 2018

(in thousands of dollars)

	Airport	Economic Development	Solid Waste	Transit	Total
<b>OPERATING REVENUES:</b>					
Operating lease and rental income from individual hangers	\$ 986	–	–	–	986
User fees and charges	–	106	44,436	3,243	47,785
Miscellaneous	3	–	2	36	41
Total operating revenues	<u>989</u>	<u>106</u>	<u>44,438</u>	<u>3,279</u>	<u>48,812</u>
<b>OPERATING EXPENSES:</b>					
Depreciation	565	–	166	3,234	3,965
Transit operations	–	–	–	18,525	18,525
General and administrative	1,191	46	40,565	–	41,802
Total operating expenses	<u>1,756</u>	<u>46</u>	<u>40,731</u>	<u>21,759</u>	<u>64,292</u>
Operating income (loss)	<u>(767)</u>	<u>60</u>	<u>3,707</u>	<u>(18,480)</u>	<u>(15,480)</u>
<b>NON-OPERATING REVENUES:</b>					
Intergovernmental	–	–	–	7,475	7,475
Investment earnings	–	–	920	206	1,126
Interest expense and issuance costs	–	(359)	–	–	(359)
Loss on disposal of capital assets	–	–	(2,430)	(62)	(2,492)
Total non-operating revenues	<u>–</u>	<u>(359)</u>	<u>(1,510)</u>	<u>7,619</u>	<u>5,750</u>
Income (loss) before transfers and contributions	<u>(767)</u>	<u>(299)</u>	<u>2,197</u>	<u>(10,861)</u>	<u>(9,730)</u>
Capital contributions	174	–	–	8,064	8,238
Transfers in	105	536	–	10,403	11,044
Transfers out	<u>(35)</u>	<u>–</u>	<u>–</u>	<u>(124)</u>	<u>(159)</u>
Change in net position	<u>(523)</u>	<u>237</u>	<u>2,197</u>	<u>7,482</u>	<u>9,393</u>
Net position – January 1, as restated	<u>22,204</u>	<u>–</u>	<u>22,656</u>	<u>30,030</u>	<u>74,890</u>
Net position – December 31	<u>\$ 21,681</u>	<u>237</u>	<u>24,853</u>	<u>37,512</u>	<u>84,283</u>

# OTHER ENTERPRISE FUNDS COMBINING STATEMENT OF CASH FLOWS

Year Ended  
December 31, 2018  
*(in thousands of dollars)*

	Airport	Economic Development	Solid Waste	Transit	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from customers	\$ 977	—	40,198	3,284	44,459
Cash payments to suppliers for goods and services	(803)	—	(40,075)	(17,546)	(58,424)
Cash payments to employees for services	(406)	—	(574)	(563)	(1,543)
Net cash flows (required) by operating activities	(232)	—	(451)	(14,825)	(15,508)
<b>CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES:</b>					
Operating grants	—	—	—	5,996	5,996
Transfers from other funds	105	536	—	10,403	11,044
Net cash provided by noncapital activities	105	536	—	16,399	17,040
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Capital grants	89	—	—	2,533	2,622
Acquisition and construction of capital assets	(20)	(34,932)	(33)	(4,385)	(39,370)
Proceeds from the sale of capital assets	—	—	—	43	43
Proceeds from bond issuance	—	35,435	—	—	35,435
Payment of bond issuance costs	—	(359)	—	—	(359)
Net cash provided/(required) by capital and related financing activities	69	144	(33)	(1,809)	(1,629)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Proceeds from the sale of investments	—	—	14,175	5,046	19,221
Purchase of investments	—	—	(5,477)	(5,240)	(10,717)
Investment earnings	—	—	977	213	1,190
Net cash provided by investing activities	—	—	9,675	19	9,694
Net increase (decrease) in cash and cash equivalents	(58)	680	9,191	(216)	9,597
Cash and cash equivalents at beginning of year	2,856	—	29,935	3,071	35,862
Cash and cash equivalents at end of year	\$ 2,798	680	39,126	2,855	45,459
<b>Reconciliation of operating income (loss) to net cash provided/(required) by operating activities:</b>					
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$ (767)	60	3,707	(18,480)	(15,480)
Adjustments to reconcile operating income (loss) to net cash provided (required) by operating activities:					
Depreciation	565	—	166	3,234	3,965
<b>CHANGE IN ASSETS AND LIABILITIES:</b>					
Changes in net pension liability and related deferred inflows of resources	20	—	262	196	478
Changes in net OPEB liability and related deferred inflows of resources	5	—	7	7	19
(Increase) decrease in receivables	(12)	(106)	88	4	(26)
Decrease in prepaids	—	—	4	—	4
Increase (decrease) in payables	(42)	46	(347)	133	(210)
(Decrease) in unearned revenue	—	—	(4,328)	—	(4,328)
Increase (decrease) in other liabilities	(1)	—	(10)	81	70
Net cash (required) by operating activities	\$ (232)	—	(451)	(14,825)	(15,508)
Non-cash capital contributed by others	\$ —	—	—	5,689	5,689
Non-cash capital contributed (to) other funds	\$ (35)	—	—	(124)	(159)



# DID YOU KNOW

*In 2018, Gwinnett County completed the Connect Gwinnett: Transit Plan, a roadmap for how the County wants to develop its transit network to serve current and future needs.*

# INTERNAL SERVICE FUNDS



# INTERNAL SERVICE FUNDS

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## **Group Self-Insurance Fund**

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.

## **Risk Management Fund**

The Risk Management Fund accounts for all financial transactions related to the County's payment of workers' compensation claims and 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.

## **Fleet Management Fund**

The Fleet Management Fund accounts for all financial transactions related to the maintenance of the County fleet. Revenues are derived from charges to the user departments for fuel, maintenance, repair, and insurance, plus a fixed flat rate surcharge per vehicle per month.

## **Auto Liability Fund**

The Auto Liability Fund accounts for all financial transactions related to the County's property, liability and casualty insurance coverage on vehicles. Revenues are contributions from other Gwinnett County funds and are based on the number of employees and actual third party automobile claims for county vehicles only.

## **Administrative Support Fund**

The Administrative Support Fund accounts for the activities of all central support departments: County Administration (excluding the County Clerk, Community Outreach, Economic Development, Gwinnett Clean and Beautiful, and Internal Audit), Financial Services (excluding the Tax Assessor), Human Resources, Information Technology Services, Law, and Support Services. These activities are funded by indirect cost charges to all other funds receiving benefits.

# INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET POSITION

December 31, 2018  
(in thousands of dollars)

	Group Self- Insurance	Risk Management	Fleet Management	Auto Liability	Administrative Support	Total
<b>ASSETS:</b>						
Current assets:						
Cash and cash equivalents	\$ 4,938	9,022	1,624	409	4,825	20,818
Investments	5,514	997	—	—	500	7,011
Accounts receivable, net of allowance	480	355	801	23	140	1,799
Inventories	—	—	458	—	—	458
Prepaid items	170	—	10	—	3,352	3,532
Total current assets	11,102	10,374	2,893	432	8,817	33,618
Noncurrent assets:						
Investments	20,975	13,276	—	2,497	8,324	45,072
Construction in progress	—	—	—	—	536	536
Other capital assets, net of depreciation	—	—	91	—	923	1,014
Total noncurrent assets	20,975	13,276	91	2,497	9,783	46,622
Total assets	32,077	23,650	2,984	2,929	18,600	80,240
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>						
Pension related deferred outflows	29	5	390	—	5,207	5,631
OPEB related deferred outflows	49	35	198	—	2,465	2,747
Total deferred outflows of resources	78	40	588	—	7,672	8,378
<b>LIABILITIES:</b>						
Current liabilities:						
Accounts payable	1,639	153	1,610	43	2,358	5,803
Payroll payable	49	18	134	—	1,640	1,841
Accumulated leave benefits – current	36	29	160	—	1,878	2,103
Estimated claims payable – current	3,825	2,788	—	235	—	6,848
Unearned revenue	18	—	—	—	—	18
Total current liabilities	5,567	2,988	1,904	278	5,876	16,613
Noncurrent liabilities:						
Accumulated leave benefits	25	31	95	—	1,193	1,344
Estimated claims payable	—	6,242	—	579	—	6,821
Net pension liability	134	24	1,830	—	24,441	26,429
Net OPEB liability	164	116	668	—	8,315	9,263
Total liabilities	5,890	9,401	4,497	857	39,825	60,470
<b>NET POSITION:</b>						
Investment in capital assets	—	—	91	—	1,459	1,550
Unrestricted	26,265	14,289	(1,016)	2,072	(15,012)	26,598
Total net position	\$ 26,265	14,289	(925)	2,072	(13,553)	28,148

# INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

Year Ended December 31, 2018

(in thousands of dollars)

	Group Self- Insurance	Risk Management	Fleet Management	Auto Liability	Administrative Support	Total
<b>OPERATING REVENUES:</b>						
Charges to other funds	\$ 51,440	7,500	6,759	800	58,484	124,983
Employee contributions	6,254	—	—	—	—	6,254
Miscellaneous	554	430	285	—	380	1,649
Total operating revenues	58,248	7,930	7,044	800	58,864	132,886
<b>OPERATING EXPENSES:</b>						
Vehicle maintenance and repair	—	—	4,327	—	—	4,327
Benefit claims	25,198	6,200	—	893	—	32,291
Insurance premiums	26,888	2,930	—	—	—	29,818
Depreciation and amortization	—	—	8	—	367	375
General and administrative	7,271	1,890	2,392	49	61,717	73,319
Total operating expenses	59,357	11,020	6,727	942	62,084	140,130
Operating income (loss)	(1,109)	(3,090)	317	(142)	(3,220)	(7,244)
<b>NON-OPERATING REVENUES:</b>						
Investment earnings	605	493	—	53	356	1,507
Gain on disposal of capital asset	—	—	40	—	—	40
Total non-operating revenues	605	493	40	53	356	1,547
Income (loss) before transfers	(504)	(2,597)	357	(89)	(2,864)	(5,697)
Transfers in	—	—	2	—	—	2
Transfers out	—	—	(563)	—	(200)	(763)
Change in net position	(504)	(2,597)	(204)	(89)	(3,064)	(6,458)
Net position – January 1, as restated	26,769	16,886	(721)	2,161	(10,489)	34,606
Net position – December 31	\$ 26,265	14,289	(925)	2,072	(13,553)	28,148

# INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS

Year Ended  
December 31, 2018  
*(in thousands of dollars)*

	Group Self- Insurance	Risk Management	Fleet Management	Auto Liability	Administrative Support	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Cash received from customers	\$ 57,846	7,911	6,981	779	58,788	132,305
Cash payments to suppliers for goods and services	(8,205)	(1,412)	(3,484)	(16)	(20,095)	(33,212)
Cash payments to employees for services	(729)	(453)	(3,246)	—	(37,821)	(42,249)
Claims and premiums paid	(51,495)	(8,682)	—	(732)	—	(60,909)
Net cash flows provided/(required) by operating activities	(2,583)	(2,636)	251	31	872	(4,065)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Transfers from other funds	—	—	2	—	—	2
Transfers (to) other funds	—	—	(563)	—	(200)	(763)
Net cash (required) by noncapital activities	—	—	(561)	—	(200)	(761)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Proceeds from sale of assets	—	—	40	—	—	40
Acquisition and construction of capital assets	—	—	—	—	(652)	(652)
Net cash provided/(required) by capital and related financing activities	—	—	40	—	(652)	(612)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Proceeds from the sale of investments	8,579	11,589	—	1,984	100,674	122,826
Purchase of investments	(10,490)	(6,944)	—	(2,000)	(100,455)	(119,889)
Investment earnings	560	463	—	53	306	1,382
Net cash provided/(required) by investing activities	(1,351)	5,108	—	37	525	4,319
Net increase/(decrease) in cash and cash equivalents	(3,934)	2,472	(270)	68	545	(1,119)
Cash and cash equivalents at beginning of year	8,872	6,550	1,894	341	4,280	21,937
Cash and cash equivalents at end of year	\$ 4,938	9,022	1,624	409	4,825	20,818
<b>Reconciliation of operating income (loss) to net cash provided/required by operating activities:</b>						
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Operating income (loss)	\$ (1,109)	(3,090)	317	(142)	(3,220)	(7,244)
Adjustments to reconcile operating income (loss) to net cash provided/(required) by operating activities:						
Depreciation	—	—	8	—	367	375
<b>CHANGE IN ASSETS AND LIABILITIES:</b>						
Changes in net pension liability and related deferred outflows of resources	21	11	252	—	2,293	2,577
Changes in net OPEB liability and related deferred outflows of resources	9	6	37	—	462	514
(Increase) in receivables	(404)	(19)	(63)	(21)	(76)	(583)
Decrease in inventories	—	—	2	—	—	2
(Increase) in prepaids	(90)	—	—	—	(241)	(331)
Increase (decrease) in payables	(1,632)	—	(317)	33	1,183	(733)
Increase in other liabilities	622	456	15	161	104	1,358
Net cash provided/(required) by operating activities	\$ (2,583)	(2,636)	251	31	872	(4,065)



# DID YOU KNOW

*Gwinnett is the first county in metro Atlanta to receive  
Platinum Certification from the Atlanta Regional  
Commission's Green Communities program.*

# FIDUCIARY FUNDS



# FIDUCIARY FUNDS

## TRUST FUNDS

- **Defined Benefit Pension Plan**  
The County established the Gwinnett County Defined Benefit Plan as a single-employer, locally-governed plan for the benefit of its employees and other eligible individuals as provided for in the Plan Document.
- **Other Post-Employment Benefit (OPEB) Plan**  
The trust was established by the Board of Commissioners to pre-fund medical and prescription drug benefits for retirees and other former employees (and their eligible dependents) who are eligible for such benefits under existing County policy.

## AGENCY FUNDS

- **Tax Commissioner**  
To account for the collection of property taxes and motor vehicle tag and title fees, which are disbursed to various taxing units.
- **Clerk of Courts**  
To account for the collection of various fines, forfeitures, jury fund receipts, real estate transfer taxes, fees, civil awards, etc., which are disbursed to other parties.
- **Recorder's Court**  
To account for the collection of various fines and forfeitures (mostly traffic violations), which are disbursed to other parties.
- **Sheriff**  
To account for the collection of cash bonds, fines, forfeitures, fifas, etc., which are disbursed to other parties.
- **Probate Court**  
To account for the collection of fees for firearms, licenses, certificates, marriage licenses, etc., which are disbursed to other parties.
- **Juvenile Court**  
To account for the collection of probation supervision fees, which are disbursed to other parties.
- **Corrections**  
To account for funds being held on an inmate's behalf, which are disbursed to other parties on behalf of the inmate.



# PENSION AND OPEB TRUST FUNDS COMBINING STATEMENT OF FIDUCIARY NET POSITION

December 31, 2018

(in thousands of dollars)

	Pension	OPEB	Total
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 21,203	1,666	22,869
Investments, at fair value:			
U.S. treasury bonds	39,393	5,550	44,943
Asset-backed securities	12,247	1,726	13,973
U.S. governmental agencies	43,432	6,120	49,552
Commercial mortgage-backed securities	8,108	1,142	9,250
Corporate bonds	54,993	7,748	62,741
Collateralized mortgage obligations	14,194	2,000	16,194
Corporate equities	491,488	69,250	560,738
International equities	186,960	26,342	213,302
Preferred stock	2,561	361	2,922
Global fixed income	85,060	11,985	97,045
Total investments	938,436	132,224	1,070,660
Securities lending collateral investment pool	62,552	8,814	71,366
Contributions receivable from employer	—	3	3
Prepaid benefit payments	6,661	—	6,661
Total assets	1,028,852	142,707	1,171,559
<b>LIABILITIES:</b>			
Accounts payable	1,059	1,380	2,439
Liability for securities lending agreement	62,552	8,814	71,366
Total liabilities	63,611	10,194	73,805
Net position – restricted for pension and OPEB	\$ 965,241	132,513	1,097,754

# PENSION AND OPEB TRUST FUNDS COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended December 31, 2018

(in thousands of dollars)

	Pension	OPEB	Total
<b>ADDITIONS:</b>			
Contributions:			
Employer	\$ 41,633	10,649	52,282
Employee	6,419	—	6,419
Total contributions	<u>48,052</u>	<u>10,649</u>	<u>58,701</u>
Investment income (loss):			
Net decrease in the fair value of investments	(74,270)	(10,486)	(84,756)
Securities lending income	105	15	120
Interest and dividends	23,855	3,365	27,220
Total investment (loss)	<u>(50,310)</u>	<u>(7,106)</u>	<u>(57,416)</u>
Investment expense	(4,215)	(591)	(4,806)
Securities lending expense	(12)	(2)	(14)
Net investment (loss)	<u>(54,537)</u>	<u>(7,699)</u>	<u>(62,236)</u>
Total additions/(decreases)	<u>(6,485)</u>	<u>2,950</u>	<u>(3,535)</u>
<b>DEDUCTIONS:</b>			
Benefits paid	70,723	8,871	79,594
Insurance premiums	—	1,654	1,654
Administrative expenses	757	617	1,374
Total deductions	<u>71,480</u>	<u>11,142</u>	<u>82,622</u>
Net decrease in fiduciary net position	(77,965)	(8,192)	(86,157)
Net position – restricted for pension and OPEB			
Beginning of year	<u>1,043,206</u>	<u>140,705</u>	<u>1,183,911</u>
End of year	<u>\$ 965,241</u>	<u>132,513</u>	<u>1,097,754</u>

# AGENCY FUNDS COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

December 31, 2018

(in thousands of dollars)

	Tax Commissioner	Clerk of Courts	Recorder's Court	Sheriff	Probate Court	Juvenile Court	Corrections	Total
<b>ASSETS:</b>								
Cash and cash equivalents	\$ 16,731	28,581	1,179	969	288	3	30	47,781
Taxes receivable	21,887	—	—	—	—	—	—	21,887
Total assets	\$ 38,618	28,581	1,179	969	288	3	30	69,668
<b>LIABILITIES:</b>								
Due to others	\$ 38,618	28,581	1,179	969	288	3	30	69,668
Total liabilities	\$ 38,618	28,581	1,179	969	288	3	30	69,668

# AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

Year Ended December 31, 2018

(in thousands of dollars)

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
<b>TAX COMMISSIONER:</b>				
Cash and cash equivalents	\$ 16,843	859,085	859,197	16,731
Taxes receivable	19,907	928,568	926,588	21,887
Total	\$ 36,750	1,787,653	1,785,785	38,618
Due to others	\$ 36,750	1,787,653	1,785,785	38,618
<b>CLERK OF COURTS:</b>				
Cash and cash equivalents	\$ 23,798	77,782	72,999	28,581
Due to others	\$ 23,798	77,782	72,999	28,581
<b>RECORDER'S COURT:</b>				
Cash and cash equivalents	\$ 1,218	3,056	3,095	1,179
Due to others	\$ 1,218	3,056	3,095	1,179
<b>SHERIFF:</b>				
Cash and cash equivalents	\$ 1,145	9,469	9,645	969
Due to others	\$ 1,145	9,469	9,645	969
<b>PROBATE COURT:</b>				
Cash and cash equivalents	\$ 289	604	605	288
Due to others	\$ 289	604	605	288
<b>JUVENILE COURT:</b>				
Cash and cash equivalents	\$ 3	71	71	3
Due to others	\$ 3	71	71	3
<b>CORRECTIONS:</b>				
Cash and cash equivalents	\$ 29	415	414	30
Due to others	\$ 29	415	414	30
<b>TOTAL:</b>				
Cash and cash equivalents	\$ 43,325	950,482	946,026	47,781
Taxes receivable	19,907	928,568	926,588	21,887
Total	\$ 63,232	1,879,050	1,872,614	69,668
Due to others	\$ 63,232	1,879,050	1,872,614	69,668

# STATISTICAL SECTION



# STATISTICAL SECTION

## (Unaudited)

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

### Index

<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time	S2 – S6
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the County's most significant local revenue source: property tax	S7 – S10
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future	S11 – S14
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place	S15 – S16
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs	S17 – S19

*Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports for the relevant year.*

# NET POSITION BY COMPONENTS – LAST TEN FISCAL YEARS

(accrual basis of accounting in thousands of dollars)

	2009	2010	2011 <sup>(1)</sup>	2012	2013	2014 <sup>(2)</sup>	2015 <sup>(3)</sup>	2016 <sup>(3)</sup>	2017 <sup>(4)</sup>	2018
Governmental activities										
Net investment in capital assets	\$ 2,141,050	2,220,825	2,277,439	2,320,301	2,348,661	2,353,452	2,318,384	2,375,340	2,396,352	2,420,755
Restricted	272,928	283,828	365,299	398,100	526,551	617,049	629,259	626,890	840,078	764,072
Unrestricted	489,312	522,661	491,493	510,907	478,218	286,312	294,332	272,872	26,735	158,470
Total governmental activities net position	2,903,290	3,027,314	3,134,231	3,229,308	3,353,430	3,256,813	3,241,975	3,275,102	3,263,165	3,343,297
Business-type activities										
Net investment in capital assets	2,594,387	2,591,610	2,592,634	2,614,293	2,664,664	2,718,527	2,790,538	2,949,587	3,059,003	3,240,775
Restricted	33,268	37,072	38,926	25,392	24,375	25,201	27,043	27,968	32,970	27,355
Unrestricted	80,364	137,219	190,964	235,397	221,920	247,511	309,121	324,551	356,063	345,627
Total business-type activities net position	2,708,019	2,765,901	2,822,524	2,875,082	2,910,959	2,991,239	3,126,702	3,302,106	3,448,036	3,613,757
Primary government										
Net investment in capital assets	4,735,437	4,812,435	4,870,073	4,934,594	5,013,325	5,071,979	5,108,922	5,324,927	5,455,355	5,661,530
Restricted	306,196	320,900	404,225	423,492	550,926	642,250	656,302	654,858	873,048	791,427
Unrestricted	569,676	659,880	682,457	746,304	700,138	533,823	603,453	597,423	382,798	504,097
Total primary government net position	\$ 5,611,309	5,793,215	5,956,755	6,104,390	6,264,389	6,248,052	6,368,677	6,577,208	6,711,201	6,957,054

<sup>(1)</sup> 2011 balances have been restated to reflect the cumulative effect of applying GASB Statement 65.

<sup>(2)</sup> 2014 balances have been restated to reflect the cumulative effect of applying GASB Statement 68.

<sup>(3)</sup> 2015 and 2016 balances for governmental activities have been restated to reflect the cumulative effect of a change in accounting procedure related to certain major road projects.

<sup>(4)</sup> 2017 balances have been restated to reflect the cumulative effect of applying GASB Statement 75.

# CHANGES IN NET POSITION – LAST TEN FISCAL YEARS

(accrual basis of accounting in thousands of dollars)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014<sup>(1)</sup></u>	<u>2015<sup>(2)</sup></u>	<u>2016<sup>(2)</sup></u>	<u>2017<sup>(3)</sup></u>	<u>2018</u>
<b>Expenses</b>										
Governmental activities:										
General government	\$ 77,808	96,653	97,991	57,690	47,960	64,035	42,338	42,353	46,931	46,360
Public safety	188,851	188,823	193,625	216,808	199,549	265,228	250,029	279,861	313,118	287,516
Judiciary	123,555	113,089	114,896	129,590	124,612	256,675	151,945	168,308	193,508	181,372
Public works	65,488	55,506	60,013	79,129	77,837	134,780	182,686	112,796	115,428	110,798
Health and welfare	12,336	11,528	11,762	7,081	7,634	9,305	9,228	9,707	16,844	14,838
Culture and recreation	67,369	69,493	69,252	67,090	68,905	71,624	77,237	80,377	87,131	91,666
Housing and development	20,971	25,374	18,098	18,908	18,851	28,996	21,601	23,604	22,047	23,110
Tourism	1,633	1,760	2,044	2,069	2,358	2,534	2,773	3,017	3,318	3,707
Development authority	4,853	6,675	4,367	4,947	4,881	4,773	4,622	4,586	5,246	4,571
Interest on long-term debt	1,111	2,661	2,659	1,921	442	460	277	197	191	169
Total governmental activities	<u>563,975</u>	<u>571,562</u>	<u>574,707</u>	<u>585,233</u>	<u>553,029</u>	<u>838,410</u>	<u>742,736</u>	<u>724,806</u>	<u>803,762</u>	<u>764,107</u>
Business-type activities:										
Water and sewer	200,687	209,840	213,048	236,249	261,693	240,840	239,093	227,738	241,795	239,520
Airport	2,000	1,811	2,359	1,150	2,106	1,448	1,482	1,286	1,372	1,753
Economic development	—	—	—	—	—	—	—	—	—	405
Solid waste	1,427	20,910	40,438	39,210	41,847	40,117	40,617	41,488	41,765	43,170
Stormwater	28,268	28,032	31,804	27,126	30,375	39,985	28,861	27,057	31,246	28,095
Transit	15,606	15,533	18,235	18,486	17,912	17,647	17,818	17,315	28,321	21,826
Total business-type activities	<u>247,988</u>	<u>276,126</u>	<u>305,884</u>	<u>322,221</u>	<u>353,933</u>	<u>340,037</u>	<u>327,871</u>	<u>314,884</u>	<u>344,499</u>	<u>334,769</u>
Total primary government expenses	<u>\$ 811,963</u>	<u>847,688</u>	<u>880,591</u>	<u>907,454</u>	<u>906,962</u>	<u>1,178,447</u>	<u>1,070,607</u>	<u>1,039,690</u>	<u>1,148,261</u>	<u>1,098,876</u>
<b>Program revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 23,795	18,301	25,682	8,751	8,778	9,747	10,002	10,750	11,419	12,029
Public safety	29,147	23,093	25,586	32,902	31,987	33,909	37,508	37,394	38,203	39,790
Judiciary	28,541	31,174	30,193	32,087	31,770	30,489	28,933	28,145	28,219	28,619
Public works	6,196	6,256	6,279	6,387	6,914	6,882	6,601	7,239	7,593	7,826
Health and welfare	1	137	110	23	9	406	3	11	151	162
Culture and recreation	4,505	4,499	4,480	4,547	4,419	4,752	4,893	5,105	5,155	5,205
Housing and development	2,441	8,818	7,928	8,457	8,359	8,682	9,646	10,174	9,737	10,385
Operating grants and contributions	30,052	33,739	18,005	16,074	18,050	16,645	8,408	8,783	8,846	10,572
Capital grants and contributions	13,407	11,182	20,193	32,853	13,716	38,529	30,319	33,742	23,365	38,019
Total governmental activities program revenues	<u>138,085</u>	<u>137,199</u>	<u>138,456</u>	<u>142,081</u>	<u>124,002</u>	<u>150,041</u>	<u>136,313</u>	<u>141,343</u>	<u>132,688</u>	<u>152,607</u>

continued...

# CHANGES IN NET POSITION – LAST TEN FISCAL YEARS

(accrual basis of accounting in thousands of dollars) *continued*

	2009	2010	2011	2012	2013	2014 <sup>(1)</sup>	2015 <sup>(2)</sup>	2016 <sup>(2)</sup>	2017 <sup>(3)</sup>	2018
Business-type activities:										
Charges for services:										
Water and sewer	208,805	240,966	260,226	271,289	277,234	299,007	305,974	318,056	311,565	316,082
Airport	832	827	866	903	859	941	1,034	922	1,001	989
Economic development	—	—	—	—	—	—	—	—	—	106
Solid waste	1,113	20,740	41,131	41,929	42,570	42,061	42,677	43,219	43,725	44,438
Stormwater	30,326	29,973	30,494	30,863	30,887	31,182	31,226	31,587	31,902	29,365
Transit	4,319	4,274	5,011	4,845	4,719	4,212	4,404	3,655	2,966	3,279
Operating grants and contributions	4,896	5,740	6,605	5,946	6,504	6,391	6,432	5,340	7,422	7,623
Capital grants and contributions	33,811	18,616	17,571	14,209	22,389	29,948	44,405	76,259	73,333	70,672
Total business-type activities program revenues	284,102	321,136	361,904	369,984	385,162	413,742	436,152	479,038	471,914	472,554
Total primary government program revenues \$	422,187	458,335	500,360	512,065	509,164	563,783	572,465	620,381	604,602	625,161
Net (expense)/revenue										
Governmental activities	(425,890)	(434,363)	(436,251)	(443,152)	(429,027)	(688,369)	(606,423)	(583,463)	(671,074)	(611,500)
Business-type activities	36,114	45,010	56,020	47,763	31,229	73,705	108,281	164,154	127,415	137,785
Total primary government net expenses \$	(389,776)	(389,353)	(380,231)	(395,389)	(397,798)	(614,664)	(498,142)	(419,309)	(543,659)	(473,715)
<b>General revenues and other changes in net position</b>										
Governmental activities:										
Taxes:										
Property taxes	403,235	363,744	336,256	324,081	345,499	377,192	382,407	392,669	425,472	446,359
Sales taxes	122,714	128,594	134,752	142,571	138,351	142,480	146,564	150,031	151,800	162,436
Other taxes	51,971	54,363	64,284	64,063	62,822	64,636	74,491	75,392	79,539	80,968
Investment income	6,571	6,485	1,998	1,246	216	3,414	3,130	1,301	5,662	12,028
Miscellaneous	4,361	10,093	11,588	10,260	10,536	9,192	10,154	7,656	10,910	9,462
Transfers	(6,858)	(4,892)	(5,161)	(3,992)	(4,275)	(5,162)	(25,161)	(10,459)	(14,246)	(19,621)
Total governmental activities	581,994	558,387	543,717	538,229	553,149	591,752	591,585	616,590	659,137	691,632
Business-type activities:										
Investment income	189	346	1,044	803	373	1,413	2,021	791	4,269	8,315
Miscellaneous	4,990	7,634	—	—	—	—	—	—	—	—
Transfers	6,858	4,892	5,161	3,992	4,275	5,162	25,161	10,459	14,246	19,621
Total business-type activities	12,037	12,872	6,205	4,795	4,648	6,575	27,182	11,250	18,515	27,936
Total primary government	\$ 594,031	\$ 571,259	\$ 549,922	\$ 543,024	\$ 557,797	\$ 598,327	\$ 618,767	\$ 627,840	\$ 677,652	\$ 719,568
Changes in net position										
Governmental activities	156,104	124,024	107,466	95,077	124,122	(96,617)	(14,838)	33,127	(11,937)	80,132
Business-type activities	48,151	57,882	62,225	52,558	35,877	80,280	135,463	175,404	145,930	165,721
Total primary government	\$ 204,255	\$ 181,906	\$ 169,691	\$ 147,635	\$ 159,999	\$ (16,337)	\$ 120,625	\$ 208,531	\$ 133,993	\$ 245,853

<sup>(1)</sup> 2014 balances have been restated to reflect the cumulative effect of applying GASB Statement 68.

<sup>(2)</sup> 2015 and 2016 balances for governmental activities have been restated to reflect the cumulative effect of a change in accounting procedure related to certain major road projects.

<sup>(3)</sup> 2017 balances have been restated to reflect the cumulative effect of applying GASB Statement 75.

# FUND BALANCES, GOVERNMENTAL FUNDS – LAST TEN FISCAL YEARS

(modified accrual basis of accounting in thousands of dollars)

	<u>2009</u>	<u>2010</u>
General fund		
Reserved	\$ 3,451	5,695
Unreserved	114,719	142,258
Total general fund	<u>118,170</u>	<u>147,953</u>
All other governmental funds		
Reserved	11,311	5,086
Unreserved, reported in:		
Special revenue funds	56,338	67,502
Capital project funds	293,259	307,259
Debt service funds	23,952	33,980
Parking deck project	1,135	220
Total all other governmental funds	<u>385,995</u>	<u>414,047</u>
<b>Total</b>	<u>\$ 504,165</u>	<u>562,000</u>

	<u>2011*</u>	<u>2012</u>	<u>2013**</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General fund								
Nonspendable	\$ 7,204	2,232	1,499	4,656	4,780	5,115	1,872	1,836
Assigned	–	42,636	743	–	16,630	28,478	36,424	42,188
Unassigned	164,650	129,503	133,687	138,877	123,809	115,467	115,871	115,218
Total general fund	<u>171,854</u>	<u>174,371</u>	<u>135,929</u>	<u>143,533</u>	<u>145,219</u>	<u>149,060</u>	<u>154,167</u>	<u>159,242</u>
All other governmental funds								
Nonspendable	217	298	268	1,114	943	896	592	808
Restricted	362,990	396,810	493,340	582,588	590,253	585,678	796,424	890,799
Committed	60	62	114	182	204	247	301	329
Assigned	75,493	78,719	87,515	138,978	202,026	239,828	111,989	99,757
Total all other governmental funds	<u>438,760</u>	<u>475,889</u>	<u>581,237</u>	<u>722,862</u>	<u>793,426</u>	<u>826,649</u>	<u>909,306</u>	<u>991,693</u>
<b>Total</b>	<u>\$ 610,614</u>	<u>650,260</u>	<u>717,166</u>	<u>866,395</u>	<u>938,645</u>	<u>975,709</u>	<u>1,063,473</u>	<u>1,150,935</u>

\* Fund balance reporting changed in 2011 per GASB 54.

\*\* In fiscal year 2013, a total of \$64 million was transferred from the General Fund to the new Service District Funds to establish fund balance reserves in accordance with County policy and to distribute motor vehicle and supplemental title ad valorem taxes, per state law.

# CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS – LAST TEN FISCAL YEARS

(modified accrual basis of accounting in thousands of dollars)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues:</b>										
Taxes	\$ 515,608	601,982	537,267	539,344	551,441	583,631	600,391	615,229	653,669	688,991
Permits and licenses	6,626	8,266	7,465	8,009	7,895	8,027	8,997	9,402	9,362	10,096
Intergovernmental	41,715	42,662	27,331	45,727	32,955	50,592	36,009	39,489	28,919	40,291
Charges for services	71,319	63,013	75,514	67,125	67,672	67,816	71,926	74,739	76,921	80,119
Fines and forfeitures	16,731	21,053	15,433	16,009	17,082	18,056	15,870	15,144	14,188	13,592
Investment income, earnings (losses)	6,216	6,072	4,936	3,348	(933)	7,603	5,512	3,920	8,148	18,839
Miscellaneous	7,190	12,007	12,450	10,189	10,536	9,204	10,181	7,668	10,982	9,494
Total revenues	<u>665,405</u>	<u>755,055</u>	<u>680,396</u>	<u>689,751</u>	<u>686,648</u>	<u>744,929</u>	<u>748,886</u>	<u>765,591</u>	<u>802,189</u>	<u>861,422</u>
<b>Expenditures:</b>										
General government	65,329	93,475	87,267	36,577	39,240	27,133	21,794	27,072	25,681	32,206
Public safety	179,492	176,088	175,397	196,917	187,750	189,916	196,573	214,729	219,514	238,247
Judiciary	121,894	120,098	116,534	129,630	127,275	131,424	133,332	144,553	151,156	160,985
Public works	21,489	19,360	20,007	21,256	20,926	20,763	20,148	22,014	24,080	25,586
Health and welfare	12,561	12,473	11,749	6,787	6,662	6,854	7,227	7,490	11,970	11,701
Culture and recreation	47,646	54,477	44,230	43,015	41,736	43,238	47,229	47,317	51,015	56,215
Housing and development	10,062	8,332	7,890	8,703	8,638	8,814	8,745	9,705	10,248	10,791
Tourism	1,633	1,760	2,044	2,069	2,358	2,534	2,773	3,017	3,318	3,707
Development authority	7,465	8,905	6,057	7,097	7,096	7,618	7,597	7,696	9,068	6,634
Grant programs	12,881	22,953	14,961	12,919	13,358	15,977	13,915	15,111	10,182	13,036
Capital outlay	223,577	138,448	130,741	141,153	112,100	103,276	169,637	183,346	145,837	186,621
Debt service:										
Principal	13,255	13,847	11,870	3,380	23,830	3,410	3,480	3,690	3,865	3,960
Interest	3,078	2,608	2,102	1,845	1,041	765	660	498	402	289
Issuance cost	—	—	—	253	—	—	—	—	—	—
Intergovernmental	19,816	19,313	22,041	35,895	24,569	31,310	34,188	35,947	35,788	38,394
Total expenditures	<u>740,178</u>	<u>692,137</u>	<u>652,890</u>	<u>647,496</u>	<u>616,579</u>	<u>593,032</u>	<u>667,298</u>	<u>722,185</u>	<u>702,124</u>	<u>788,372</u>
Excess (deficiency) of revenues over expenditures	<u>(74,773)</u>	<u>62,918</u>	<u>27,506</u>	<u>42,255</u>	<u>70,069</u>	<u>151,897</u>	<u>81,588</u>	<u>43,406</u>	<u>100,065</u>	<u>73,050</u>
<b>Other financing sources/(uses):</b>										
Transfers in	9,962	34,495	53,766	27,873	91,917	72,364	102,485	69,670	71,954	81,678
Transfers out	(12,813)	(39,578)	(32,658)	(30,781)	(95,080)	(75,032)	(111,823)	(76,012)	(84,255)	(91,919)
Proceeds from capital lease obligations	8,717	—	—	—	—	—	—	—	—	24,653
Refunding bonds issued	—	—	—	25,117	—	—	—	—	—	—
Payment to refunded bond escrow agent	—	—	—	(24,818)	—	—	—	—	—	—
Total other financing sources/(uses)	<u>5,866</u>	<u>(5,083)</u>	<u>21,108</u>	<u>(2,609)</u>	<u>(3,163)</u>	<u>(2,668)</u>	<u>(9,338)</u>	<u>(6,342)</u>	<u>(12,301)</u>	<u>14,412</u>
Net change in fund balances	<u>\$ (68,907)</u>	<u>57,835</u>	<u>48,614</u>	<u>39,646</u>	<u>66,906</u>	<u>149,229</u>	<u>72,250</u>	<u>37,064</u>	<u>87,764</u>	<u>87,462</u>
Debt service as a percentage of noncapital expenditures	3.4%	3.0%	2.7%	1.1%	5.0%	0.9%	0.8%	0.7%	0.7%	0.8%

# ASSESSED VALUE AND ESTIMATED VALUE OF TAXABLE PROPERTY – LAST TEN FISCAL YEARS

Fiscal Year Ended Dec. 31,	Real Property			Personal Property		Less: Tax Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate	Total Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Other Real Property	Motor Vehicle	Other*					
2009	\$ 19,601,892,754	\$ 8,007,858,323	\$ 727,273,050	\$ 2,244,806,130	\$ 3,704,242,078	\$ 5,285,098,686	\$ 29,000,973,649	13.25	\$ 72,502,434,123	40%
2010	17,636,924,358	7,328,942,258	737,159,776	1,947,193,360	3,363,021,476	4,365,881,271	26,647,359,957	13.25	66,618,399,893	40%
2011	16,141,004,129	6,740,985,809	230,889,940	2,014,195,700	3,775,921,060	3,916,558,267	24,986,438,371	13.02	62,466,095,928	40%
2012	14,858,737,855	6,546,141,287	225,585,016	2,024,864,660	3,983,958,784	3,767,877,476	23,871,410,126	13.02	59,678,525,315	40%
2013	14,215,494,500	6,457,814,268	151,416,160	2,200,695,020	4,107,670,330	3,512,324,663	23,620,765,615	13.75	59,051,914,038	40%
2014	16,530,395,594	6,737,358,484	142,032,680	1,922,687,330	4,158,438,790	3,949,354,590	25,541,558,288	13.75	63,853,895,720	40%
2015	17,575,161,918	6,827,667,400	160,244,240	1,328,959,020	4,238,594,330	4,227,074,580	25,903,552,328	13.579	64,758,880,820	40%
2016	19,585,024,960	7,387,717,040	157,454,560	961,326,070	4,309,871,780	4,856,760,519	27,544,633,891	13.176	68,861,584,728	40%
2017	21,620,691,612	7,811,774,198	151,797,560	688,112,200	4,535,140,350	5,641,260,810	29,166,255,110	13.51	72,915,637,775	40%
2018	23,515,611,592	8,165,176,416	145,987,480	500,284,080	4,613,616,127	6,271,577,373	30,669,098,322	13.319	76,672,745,805	40%

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

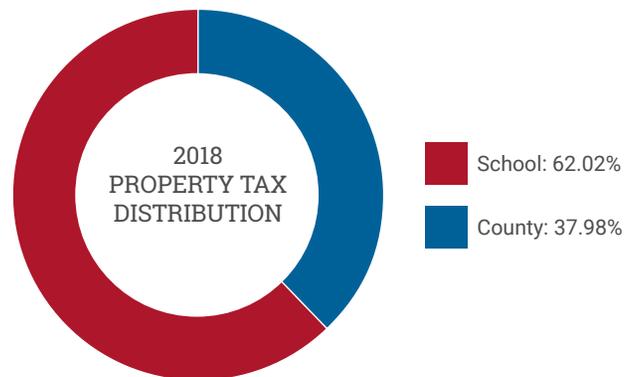
\* Includes mobile homes

# DIRECT AND OVERLAPPING PROPERTY TAX RATES – LAST TEN FISCAL YEARS

(Rate per \$1,000 of Assessed Value)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund	11.78	11.78	11.78	11.78	7.40	7.40	7.229	6.826	7.40	7.209
Fire and EMS District	–	–	–	–	3.20	3.20	3.20	3.20	3.20	3.20
Police Services District	–	–	–	–	1.60	1.60	1.60	1.60	1.60	1.60
Development and Enforcement District	–	–	–	–	0.36	0.36	0.36	0.36	0.36	0.36
Recreation District	1.00	1.00	1.00	1.00	0.95	0.95	0.95	0.95	0.95	0.95
G.O. Bond Fund	0.23	0.23	–	–	–	–	–	–	–	–
G.O. Bond Fund II	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	–	–
<b>Total County Tax</b>	<b>13.25</b>	<b>13.25</b>	<b>13.02</b>	<b>13.02</b>	<b>13.75</b>	<b>13.75</b>	<b>13.579</b>	<b>13.176</b>	<b>13.51</b>	<b>13.319</b>
School M & O	19.25	19.25	19.25	19.25	19.25	19.80	19.80	19.80	19.80	19.80
School Bonds	1.30	1.30	1.30	1.30	1.30	2.05	2.05	2.05	2.05	1.95
<b>Total School Tax</b>	<b>20.55</b>	<b>20.55</b>	<b>20.55</b>	<b>20.55</b>	<b>20.55</b>	<b>21.85</b>	<b>21.85</b>	<b>21.85</b>	<b>21.85</b>	<b>21.75</b>
State Government	0.25	0.25	0.25	0.20	0.15	0.10	0.05	–	–	–
<b>Total Property Tax</b>	<b>34.05</b>	<b>34.05</b>	<b>33.82</b>	<b>33.77</b>	<b>34.45</b>	<b>35.70</b>	<b>35.479</b>	<b>35.026</b>	<b>35.36</b>	<b>35.069</b>

Source: Budget Division – Tax Levy Resolution



# PRINCIPAL PROPERTY TAX PAYERS – CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2018			2009		
	Taxable Assessed Value <sup>(1)</sup>	Rank	Percentage of Total Taxable Assessed Value <sup>(2)</sup>	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Georgia Power	\$ 157,276,440	1	0.51%	\$ 108,037,500	3	0.40%
Mall of Georgia LLC	127,230,680	2	0.41%	90,009,485	5	0.34%
AT&T	112,727,936	3	0.37%	157,760,870	1	0.59%
Wal-Mart	76,891,940	4	0.25%	105,156,530	4	0.39%
Jackson EMC	75,823,120	5	0.25%	68,795,560	7	0.26%
Publix	63,336,800	6	0.21%	139,107,170	2	0.52%
Mckesson Corporation	55,747,450	7	0.18%	—	—	—
Atlanta Gas Light	50,679,320	8	0.17%	—	—	—
Cisco Systems, formerly Scientific Atlanta Inc.	49,647,600	9	0.16%	85,330,940	6	0.32%
Georgia Transmission Corporation	37,856,840	10	0.12%	—	—	—
Fourth Quarter Properties, LLC				52,580,000	8	0.20%
Duke-Weeks Realty LTD				44,976,810	9	0.17%
DDRTC Holdings				52,139,680	10*	0.19%

Sources: 1) Tax Assessor's Office.

2) The final tax digest dated 2/15/2019, which is the state certified digest updated with additional adjustments made during the year.

\* A portion of real estate holdings were located in the City of Buford, thus no County School taxes were collected on those properties.

# PROPERTY TAX LEVIES AND COLLECTIONS – LAST TEN FISCAL YEARS

Fiscal Year Ended Dec. 31,	Taxes Levied for the Fiscal Year*	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 951,693,818	\$ 829,546,868	92.7%	\$ 122,143,642	\$ 951,690,510	100.0%
2010	866,165,162	810,612,693	93.2%	55,540,045	866,152,738	100.0%
2011	795,329,180	755,883,258	95.1%	39,251,340	795,134,598	100.0%
2012	750,471,152	722,927,859	96.4%	27,311,155	750,239,014	100.0%
2013	762,224,109	741,172,382	97.7%	20,712,151	761,884,533	100.0%
2014	840,807,668	818,211,594	97.5%	22,185,734	840,397,328	100.0%
2015	870,536,569	850,819,073	98.1%	19,215,179	870,034,252	99.9%
2016	935,326,531	911,155,811	97.8%	23,079,713	934,235,524	99.9%
2017	1,017,966,113	990,547,713	97.4%	22,411,885	1,012,959,598	99.5%
2018	1,073,033,283	1,044,486,574	97.3%	—	1,044,486,574	97.3%

\* Reflects original digest net of all digest corrections to date.

Includes all rolls, tax only.

No Street Lights, Speed Humps, Stormwater, or Solid Waste.

The 2009 levies include \$60.1 million of additional taxes billed in March 2010.

# RATIOS OF OUTSTANDING DEBT BY TYPE – LAST TEN FISCAL YEARS

(in thousands of dollars except Population and Net Bonded Debt Per Capita)

Fiscal Year Ended Dec. 31,	Governmental Activities					
	Gwinnett County General Obligation Debt					
	Population <sup>(1)</sup>	Net General Obligation Bonds <sup>(2)</sup>	Percentage of Assessed Property Value <sup>(3)</sup>	Per Capita	Revenue Bonds <sup>(2)</sup>	Lease Payable <sup>(2)</sup>
2009	796,276	55,447	0.27%	69.63	2,465	103,200
2010	808,049	36,010	0.24%	44.56	—	96,420
2011	822,442	29,629	0.21%	36.03	—	94,730
2012 <sup>(5)</sup>	837,018	22,908	0.20%	27.37	—	92,580
2013	853,758	13,306	0.10%	15.59	—	90,365
2014	871,394	7,386	0.08%	8.48	—	87,520
2015	888,884	1,000	0.06%	1.13	—	84,545
2016	905,277	—	—	—	—	81,435
2017	918,153	—	—	—	—	78,175
2018	927,781	—	—	—	—	99,399

Fiscal Year Ended Dec. 31,	Business-Type Activities			Total Primary Government	Percentage of Personal Income <sup>(4)</sup>	Per Capita
	Revenue Bonds <sup>(2)</sup>	Notes Payable <sup>(2)</sup>	Lease Payable <sup>(2)</sup>			
2009	1,078,073	57,549	822	1,297,556	5.12%	1,629.53
2010	1,038,224	56,548	—	1,227,202	4.79%	1,518.72
2011	1,014,337	55,103	—	1,193,799	4.30%	1,451.53
2012 <sup>(5)</sup>	961,500	52,750	—	1,129,738	3.94%	1,349.72
2013	899,277	50,347	—	1,053,295	3.54%	1,233.72
2014	835,777	47,872	—	978,555	3.08%	1,122.98
2015	769,492	45,320	—	900,357	2.66%	1,012.91
2016	709,546	42,691	—	833,672	2.38%	920.90
2017	638,230	39,983	—	756,388	2.06%	823.81
2018	600,816	37,192	—	737,407	Not yet available	794.81

Sources:

- 1) U.S. Census Bureau midyear population estimates. Estimates for 2010 – 2018 reflect county population estimates released April 2019 – new estimate for 2018, revised estimates for 2010 – 2017.
- 2) Debt information from CAFR Financial Statements and Note 8 to the Financial Statements. General Obligation Bond Debt is reported net of amounts in the debt service fund available to repay the principal.
- 3) Total taxable assessed value used in this calculation obtained from the Gwinnett County Tax Commissioner.
- 4) Personal income data from the U.S. Bureau of Economic Analysis. Website visited March 29, 2019. Per capita personal income calculated based on the U.S. Census Bureau's midyear population estimates.
- 5) GASB 63 and 65 were implemented in 2012; therefore deferred losses on refundings are no longer included.

Note: Personal income data last updated March 6, 2019 – new estimate for 2017; revised estimates for 2009 – 2016.

# LEGAL DEBT MARGIN INFORMATION – LAST TEN FISCAL YEARS

(in thousands of dollars)

	Fiscal Year Ended December 31,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 2,900,097	2,664,736	2,498,644	2,387,141	2,362,077	2,554,156	2,590,355	2,754,463	2,916,626	3,066,910
Total net debt applicable to limit	50,893	29,485	24,102	17,493	12,197	6,193	—	—	—	—
Legal debt margin	2,849,204	2,635,251	2,474,542	2,369,648	2,349,880	2,547,963	2,590,355	2,754,463	2,916,626	3,066,910
Total net debt applicable to the limit as a percentage of debt limit	1.8%	1.1%	1.0%	0.7%	0.5%	0.2%	0.0%	0.0%	0.0%	0.0%

## Legal debt margin calculation for fiscal year 2018

Assessed value	\$ 30,669,100
Debt limit (10%) of assessed value	3,066,910
Debt applicable to limit:	
General obligation bonds	4,150
Less: amount set aside for repayment of general obligation debt	<u>4,150</u>
Total net debt applicable to limit	—
Legal debt margin	<u>\$ 3,066,910</u>

# PLEDGED-REVENUE COVERAGE – WATER AND SEWERAGE – LAST TEN FISCAL YEARS

(in thousands of dollars)

Fiscal Year	Operating Revenue	Less: Operating Expenses <sup>(1)</sup>	Plus: Investment Income and Other <sup>(2)</sup>	Net Revenue Available	Debt Service			Coverage	Required Coverage
					Principal	Interest	Total		
2009	213,484	97,020	127	116,591	28,970	36,829	65,799	1.77	1.2
2010	253,931	103,460	402	150,873	39,315	44,212	83,527	1.81	1.2
2011	261,893	106,328	542	156,107	45,305	40,029	85,334	1.83	1.2
2012	271,875	109,574	556	162,857	47,250	41,398	88,648	1.84	1.2
2013	277,234	111,531	355	166,058	57,035	39,357	96,392	1.72	1.2
2014	299,007	108,637	868	191,238	58,955	37,055	96,010	1.99	1.2
2015	305,974	106,028	1,426	201,372	61,050	33,293	94,343	2.13	1.2
2016	318,056	120,834	272	197,494	65,430	24,006	89,436	2.21	1.2
2017	311,565	117,633	3,281	197,213	67,940	21,100	89,040	2.21	1.2
2018	316,082	121,595	6,454	200,941	69,900	18,960	88,860	2.26	1.2

Notes: 1) Operating expenses other than interest on debt, depreciation, and amortization.

2) Excludes gain or loss on capital assets.

# SUMMARY OF COUNTY DIRECT AND OVERLAPPING DEBT BY CATEGORY

(in thousands of dollars)

Jurisdiction	Gross Outstanding	Estimated Percentage Applicable <sup>(1)</sup>	Estimated Share of Overlapping Debt
<b>Direct debt:</b>			
General obligation bonds	\$ 4,150	100.00%	\$ 4,150
Lease payable	99,399	100.00%	99,399
Total direct debt	103,549		103,549
<b>Overlapping debt:</b>			
Gwinnett County School District: <sup>(2)</sup>			
General obligation bonds	1,110,873	100.00%	1,110,873
Certificates of participation	148,421	100.00%	148,421
Total Gwinnett County School District	1,259,294		1,259,294
Municipalities within Gwinnett County: <sup>(3)</sup>			
Auburn: Capital leases	222	3.03%	7
Notes payable	548	3.03%	17
Total Auburn	770		24
Braselton: Revenue bonds payable	15,244	39.97%	6,093
Buford: General obligation bonds	43,074	92.36%	39,783
Duluth: Leases payable	37	100.00%	37
Lawrenceville: Revenue bonds	5,705	100.00%	5,705
Capital lease payable	130	100.00%	130
Total Lawrenceville	5,835		5,835
Loganville: Note payable	1,575	24.14%	380
Capital leases payable	999	24.14%	241
Total Loganville	2,574		621
Norcross: Capital lease payable	379	100.00%	379
Peachtree Corners: Certificates of participation	8,000	100.00%	8,000
Snellville: Capital leases	672	100.00%	672
Revenue bonds	2,508	100.00%	2,508
Total Snellville	3,180		3,180
Suwanee: General obligation bonds payable	12,075	100.00%	12,075
Revenue bonds payable	4,106	100.00%	4,106
Total Suwanee	16,181		16,181
Total municipalities within Gwinnett County	95,274		80,133
Subtotal, overlapping debt	1,354,568		1,339,427
Total direct and overlapping debt	\$ 1,458,117		\$ 1,442,976

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of Gwinnett County. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

1) Based upon the percentage of the municipality's population within Gwinnett County (Source: U.S. Census Bureau's July 31, 2017 population estimates).

2) Based upon the Gwinnett County Board of Education's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018.

3) Based upon individual city's audit information for the fiscal year ended 2017.

# DEMOGRAPHIC AND ECONOMIC STATISTICS – LAST TEN FISCAL YEARS

<b>Year</b>	<b>Population<sup>(1)</sup></b>	<b>Personal Income (amounts expressed in thousands)<sup>(2)</sup></b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate<sup>(3)</sup></b>
2009	796,276	\$ 25,351,130	\$ 31,837	8.7%
2010	808,049	\$ 25,638,738	\$ 31,729	9.2%
2011	822,442	\$ 27,786,697	\$ 33,786	8.7%
2012	837,018	\$ 28,673,078	\$ 34,256	7.8%
2013	853,758	\$ 29,766,194	\$ 34,865	6.9%
2014	871,394	\$ 31,785,205	\$ 36,476	6.0%
2015	888,884	\$ 33,855,711	\$ 38,088	5.2%
2016	905,277	\$ 34,957,924	\$ 38,616	4.7%
2017	918,153	\$ 36,677,497	\$ 39,947	4.2%
2018	927,781	Not yet available	Not yet available	3.5%

Sources:

- 1) U.S. Census Bureau midyear population estimates. Estimates for 2010 – 2018 reflect county population estimates released April 2019 – new estimate for 2018, revised estimates for 2010 – 2017.
- 2) Personal income data from the U.S. Bureau of Economic Analysis. Website visited March 29, 2019. Per capita personal income calculated based on the U.S. Census Bureau’s midyear population estimates.
- 3) Georgia Department of Labor, Workforce Statistics & Economic Research, Local Area Unemployment Statistics Unit (unemployment rates not seasonally adjusted). Website visited April 3, 2019.

Note: Personal income data last updated March 6, 2019.

# PRINCIPAL EMPLOYERS – CURRENT YEAR AND NINE YEARS AGO

Employer	2018			2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Gwinnett County Public Schools	21,531	1	4.6%	20,662	1	5.5%
Gwinnett County Government*	5,308	2	1.1%	4,871	2	1.3%
Gwinnett Health Care System	4,260**	3	0.9%	4,365	3	1.2%
Publix**	4,169	4	0.9%	2,928	5	0.8%
Walmart**	3,425	5	0.7%	3,368	4	0.9%
State of Georgia (includes Georgia Gwinnett College)	2,582**	6	0.5%	2,037	6	0.5%
Kroger**	2,219	7	0.5%	1,880	8	0.5%
U.S. Postal Service	2,223	8	0.5%	1,969	7	0.5%
Pruitt Health***	1,699	9	0.4%	–	–	–
Primerica	1,654	10	0.4%	1,543	10	0.4%
Scientific Atlanta, a Cisco Company	–	–	–	1,750	9	0.5%

Sources: Gwinnett County Office of Economic Development survey of companies, Q1 2019. 2009 principal employers obtained from page S-14 of Gwinnett County's 2009 Comprehensive Annual Financial Report. Total county employment from the Georgia Department of Labor Workforce Statistics & Economic Research's Annual (Not Seasonally Adjusted) Labor Force data for 2009 and 2018 (website visited April 3, 2019).

\*Based on total authorized positions as of December 31, 2018 and December 31, 2009.

\*\*Full-time equivalent employees.

\*\*\*Derived from business license data.

# FULL-TIME EQUIVALENT COUNTY EMPLOYEES BY FUNCTION – LAST TEN FISCAL YEARS

Function	Fiscal Year Ended December 31,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	538	556	538	555	567	571	583	593	611	637
Public safety:										
Police	1,041	1,066	1,068	1,065	1,065	1,066	1,067	1,104	1,063	1,129
Fire	784	844	844	844	844	851	889	898	916	952
Corrections	125	139	134	134	134	134	136	136	136	136
Sheriff	701	706	706	706	706	706	713	714	722	722
Judiciary	466	466	482	469	471	478	491	504	515	517
Transportation	156	148	149	145	143	143	143	147	153	156
Community services	229	245	242	242	240	245	250	270	318	338
Water resources	604	577	576	580	579	580	592	598	620	631
Planning and development	70	81	76	72	76	80	76	78	83	90
<b>Total</b>	<b>4,714</b>	<b>4,828</b>	<b>4,815</b>	<b>4,812</b>	<b>4,825</b>	<b>4,854</b>	<b>4,940</b>	<b>5,042</b>	<b>5,137</b>	<b>5,308</b>

Source: Department of Financial Services, Budget Group

# OPERATING INDICATORS BY FUNCTION – LAST TEN FISCAL YEARS

Function	Fiscal Year Ended December 31,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Police</b>										
General calls	528,813	498,703	451,551	441,408	419,381	405,580	401,822	414,866	382,755	377,414
Traffic calls	211,345	203,910	207,904	205,281	184,644	162,705	147,778	143,734	129,674	133,216
Officers/1,000 population	1.00	1.03	1.00	0.97	0.97	0.93	0.88	0.85	0.88	0.89
<b>Fire</b>										
Calls answered	65,722	62,995	64,450	66,757	66,831	71,084	74,497	78,661	79,651	83,170
Inspections	16,612	11,375	14,063	11,833	13,448	14,004	14,634	16,903	17,257	17,966
<b>Transportation</b>										
Street resurfacing (miles)	105	90	80	130	135	135	135	130	170	140
<b>Parks and recreation</b>										
Classes/programs/camps/events	6,660	6,581	6,047	6,313	6,651	7,030	7,150	7,459	7,967	7,794
Number of facility & pavilion rentals	24,122	14,283	11,298	11,781	10,385	9,543	11,530	12,099	11,126	11,201
Number of pool admissions & passes	570,090	522,322	575,000	541,000	418,310	461,893	471,480	439,434	439,063	445,045
<b>Health and human services</b>										
Number of senior citizens' one-way passenger trips	30,456	35,543	32,424	36,173	28,723	38,264	47,368	78,833	57,654	65,332
<b>Water</b>										
Plant capacity (mgd)	225	225	225	225	225	225	225	225	225	225
Average daily consumption (mgd)	71.3	74.7	74.4	71.7	63.9	61.2	58.9	69.0	63.4	70.0
Maximum daily pumpage (mgd)	103	100	101	113	81	86	80	109	107	109
Water meters installed	620	977	946	1,417	2,560	2,544	3,422	3,650	3,566	3,143
Miles of water mains installed	18	6	17	18	25	10	22	18	26	19
Number of customers	228,807	227,356	228,223	230,652	229,126	224,771	228,579	236,950	243,948	247,188
<b>Sewer</b>										
Average annual daily flow (mgd)	53	53	50	49	53	52	53	52	54	58
Number of customers	146,276	147,637	148,714	150,951	156,358	157,747	160,862	167,907	170,525	173,653
Miles of sewer mains installed	23	7	11	5	37	10	20	28	26	23
<b>Transit</b>										
Total passengers	2,319,495	2,117,106	2,264,769	2,026,533	1,823,384	1,718,098	1,586,329	1,496,422	1,419,121	1,514,914

Source: County operating departments

# CAPITAL ASSET STATISTICS BY FUNCTION – LAST TEN FISCAL YEARS

Function	Fiscal Year Ended December 31,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Police precincts/stations</b>	12	11	11	11	11	11	11	11	11	11
<b>Fire stations</b>	28	30	30	30	30	30	30	31	31	31
<b>Transportation</b>										
Miles county maintained roads	2,750	2,750	2,750	2,750	2,750	2,750	2,500	2,568	2,572	2,606
Street lights maintained	48,643	48,774	48,539	48,697	48,607	48,865	47,723	48,209	48,819	49,886
Traffic signals maintained	653	666	675	685	695	701	705	713	720	725
<b>Parks and recreation</b>										
Acreage total	8,849	8,988	8,992	8,978	9,282	9,413	9,646	9,646	9,875	9,908
Competition & leisure/play pools	17	17	17	17	17	17	17	17	17	17
Sports fields	150	150	150	154	170	175	175	179	182	183
Tennis courts	51	51	51	51	51	51	51	53	59	59
Playgrounds	52	52	61	63	67	69	68	72	75	75
Libraries	14	15	15	15	15	15	15	15	15	15
Library circulation	7,526,750	7,038,931	7,667,758	7,190,798	6,744,005	6,376,268	5,464,503	5,083,935	4,650,830	4,417,868
<b>Water</b>										
Miles of water mains	3,408	3,411	3,665	3,667	3,692	3,702	3,725	3,743	3,769	3,788
Fire hydrants	40,805	40,877	41,642	41,749	42,258	42,447	42,788	43,241	43,647	43,984
Raw water storage (mgd)	45	45	45	45	45	45	45	45	45	45
<b>Sewer</b>										
Miles of sewer mains	2,663	2,670	2,650	2,654	2,691	2,700	2,722	2,750	2,776	2,799
Treatment capacity (mgd)	67.1	102.6	103.0	100.5	100.5	100.5	100.5	100.5	100.5	100.5
<b>Stormwater</b>										
Miles of pipe	1,307	1,317	1,327	1,292	1,364	1,388	1,406	1,422	1,448	1,457
<b>Transit buses</b>	85	96	96	98	98	98	98	81	82	90

Source: County operating departments

# SINGLE AUDIT SECTION



# SINGLE AUDIT SECTION

December 31, 2018

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# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – YEAR ENDED DECEMBER 31, 2018

Title	CFDA	Grantor Program Number	State/Local Pass-Through Entity	Federal Expenditures	Subrecipient Expenditures
<b>U.S. Department of Housing and Urban Development</b>					
Community Development Block Grants Cluster	14.218	B-14-UC-13-0004		2,478	–
Community Development Block Grants Cluster	14.218	B-15-UC-13-0004		1,662	–
Community Development Block Grants Cluster	14.218	B-16-UC-13-0004		934,536	265,813
Community Development Block Grants Cluster	14.218	B-17-UC-13-0004		2,124,811	1,940,853
Community Development Block Grants Cluster	14.218	B-18-UC-13-0201		607,001	607,001
Community Development Block Grants Cluster	14.218	B-11-UN-13-0005		48,455	–
<b>SUBTOTAL – Community Development Block Grants Cluster</b>				<b>3,718,943</b>	<b>2,813,667</b>
Community Development Block Grants/State's Program	14.228	11-NS-5063	Georgia Department of Community Affairs	(6)	–
<b>SUBTOTAL</b>				<b>(6)</b>	<b>–</b>
Emergency Solutions Grant Program	14.231	S-16-UC-13-0011		27,756	16,706
Emergency Solutions Grant Program	14.231	S-17-UC-13-0011		248,887	233,416
Emergency Solutions Grant Program	14.231	S-18-UC-13-0011		194,437	194,437
<b>SUBTOTAL</b>				<b>471,080</b>	<b>444,559</b>
Home Investment Partnerships Program	14.239	M-14-UC-13-0201		(216)	–
Home Investment Partnerships Program	14.239	M-15-UC-13-0201		52,993	11,657
Home Investment Partnerships Program	14.239	M-16-UC-13-0201		117,198	332
Home Investment Partnerships Program	14.239	M-17-UC-13-0201		15,896	15,896
Home Investment Partnerships Program	14.239	M-18-UC-13-0201		87,698	87,698
<b>SUBTOTAL</b>				<b>273,569</b>	<b>115,583</b>
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				<b>4,463,586</b>	<b>3,373,809</b>
<b>U.S. Department of the Interior</b>					
Outdoor Recreation Acquisition, Development and Planning	15.916	P16AP00419	Georgia Department of Natural Resources, Parks & Historic Sites Division	100,000	–
<b>SUBTOTAL</b>				<b>100,000</b>	<b>–</b>
<b>TOTAL U.S. DEPARTMENT OF THE INTERIOR</b>				<b>100,000</b>	<b>–</b>

continued...

# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – YEAR ENDED DECEMBER 31, 2018 (continued)

Title	CFDA	Grantor Program Number	State/Local Pass-Through Entity	Federal Expenditures	Subrecipient Expenditures
<b>U.S. Department of Justice</b>					
Crime Victim Assistance	16.575	C16-8-212	Georgia Criminal Justice Coordinating Council	44,983	—
Crime Victim Assistance	16.575	C17-8-015	Georgia Criminal Justice Coordinating Council	14,759	—
<b>SUBTOTAL</b>				<b>59,742</b>	<b>—</b>
State Criminal Alien Assistance Program	16.606	2013-AP-BX-0742		397	—
State Criminal Alien Assistance Program	16.606	2014-AP-BX-0007		369	—
State Criminal Alien Assistance Program	16.606	2015-AP-BX-0089		653	—
State Criminal Alien Assistance Program	16.606	2016-AP-BX-0376		11,843	—
<b>SUBTOTAL</b>				<b>13,262</b>	<b>—</b>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0675		88,719	—
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0095		7,703	—
<b>SUBTOTAL</b>				<b>96,422</b>	<b>—</b>
Justice and Mental Health Collaboration Program	16.745	2014-MO-BX-0038		45,647	45,647
<b>SUBTOTAL</b>				<b>45,647</b>	<b>45,647</b>
Equitable Sharing Program	16.922	GA067015A; GA0670200; GA0670000		530,969	—
<b>SUBTOTAL</b>				<b>530,969</b>	<b>—</b>
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>				<b>746,042</b>	<b>45,647</b>
<b>U.S. Department of Labor</b>					
WIA Adult Program	17.258	WD1813	Atlanta Regional Commission	145,657	—
WIA Adult Program	17.258	WD1813	Atlanta Regional Commission	57,662	—
<b>SUBTOTAL – WIOA Cluster</b>				<b>203,319</b>	<b>—</b>
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>				<b>203,319</b>	<b>—</b>

continued...

# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – YEAR ENDED DECEMBER 31, 2018 *(continued)*

Title	CFDA	Grantor Program Number	State/Local Pass-Through Entity	Federal Expenditures	Subrecipient Expenditures
<b>U.S. Department of Transportation</b>					
Airport Improvement Program	20.106	AP018-9033-33(135)	Georgia Department of Transportation	173,813	—
<b>SUBTOTAL</b>				<b>173,813</b>	<b>—</b>
Highway Planning and Construction	20.205	PI 0010662	Georgia Department of Transportation	8,418	—
Highway Planning and Construction	20.205	UP1857	Atlanta Regional Commission	23,176	—
Highway Planning and Construction	20.205	MSL00-0004-00(430)	Georgia Department of Transportation	2,685,606	—
Highway Planning and Construction	20.205	PI 0006924	Georgia Department of Transportation	168,467	—
Highway Planning and Construction	20.205	PI 0010664	Georgia Department of Transportation	325,672	—
Highway Planning and Construction	20.205	PI 0012698	Georgia Department of Transportation	5,972,000	—
Highway Planning and Construction	20.205	PI 0013104	Georgia Department of Transportation	405,768	—
Highway Planning and Construction	20.205	PI 0013323	Georgia Department of Transportation	33,856	—
Highway Planning and Construction	20.205	PI 0013324	Georgia Department of Transportation	69,600	—
Highway Planning and Construction	20.205	PI 0013325	Georgia Department of Transportation	181,513	—
Highway Planning and Construction	20.205	PI 0015085	Georgia Department of Transportation	10,806	—
Highway Planning and Construction	20.205	PI 0012883	Georgia Department of Transportation	160,750	—
Highway Planning and Construction	20.205	PI 0012884	Georgia Department of Transportation	18,318	—
<b>SUBTOTAL – Highway Planning and Construction Cluster</b>				<b>10,063,950</b>	<b>—</b>
Federal Transit-Formula Grant	20.507	GA-90-X349-00		53,600	—
Federal Transit-Formula Grant	20.507	GA-90-X349-00		11,553	—
Federal Transit-Formula Grant	20.507	GA-2017-004-00		85,789	—
Federal Transit-Formula Grant	20.507	GA-2017-006-00		1,182	—
Federal Transit-Formula Grant	20.507	GA-90-X287-00		5,048	—
Federal Transit-Formula Grant	20.507	GA-90-X275-00		71,787	—
Federal Transit-Formula Grant	20.507	GA-90-X336-00		1,267,063	—
Federal Transit-Formula Grant	20.507	GA-2016-020-00		783,271	—
Federal Transit-Formula Grant	20.507	GA-2017-004-00 (OP)		3,741,605	—
Federal Transit-Formula Grant	20.507	GA-2018-001-00 (OP)		53,080	—
Federal Transit-Formula Grant	20.507	GA-2018-001-00 (OP)		3,721,760	—
<b>SUBTOTAL – Federal Transit Cluster</b>				<b>9,795,738</b>	<b>—</b>
New Freedom Program	20.521	FTA5310	Atlanta Regional Commission	8,667	—
New Freedom Program	20.521	AG1832	Atlanta Regional Commission	75,356	—
New Freedom Program	20.521	AG1919	Atlanta Regional Commission	83,490	—
<b>SUBTOTAL – Transit Services Program Cluster</b>				<b>167,513</b>	<b>—</b>
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>				<b>20,201,014</b>	<b>—</b>

*continued...*

# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – YEAR ENDED DECEMBER 31, 2018 *(continued)*

Title	CFDA	Grantor Program Number	State/Local Pass-Through Entity	Federal Expenditures	Subrecipient Expenditures
<b>U.S. Department of Treasury</b>					
Equitable Sharing Program	21.000	GA0670000		141,462	—
<b>SUBTOTAL</b>				<b>141,462</b>	<b>—</b>
<b>TOTAL U.S. DEPARTMENT OF TREASURY</b>				<b>141,462</b>	<b>—</b>
<b>Environmental Protection Agency</b>					
Congressionally Mandated Projects	66.202	XP9740-13-00-0		147,758	—
<b>SUBTOTAL</b>				<b>147,758</b>	<b>—</b>
<b>TOTAL ENVIRONMENTAL PROTECTION AGENCY</b>				<b>147,758</b>	<b>—</b>
<b>U.S. Department of Health and Human Services</b>					
Special Programs for the Aging – Title III, Part B-Supportive Services and Senior Center	93.044	AG1307	Atlanta Regional Commission	12	—
Special Programs for the Aging – Title III, Part B-Supportive Services and Senior Center	93.044	AG1307	Atlanta Regional Commission	40	—
Special Programs for the Aging – Title III, Part B-Supportive Services and Senior Center	93.044	AG1507	Atlanta Regional Commission	5,889	—
Special Programs for the Aging – Title III, Part B-Supportive Services and Senior Center	93.044	AG1507	Atlanta Regional Commission	26,586	—
Special Programs for the Aging – Title III, Part B-Supportive Services and Senior Center	93.044	AG1507	Atlanta Regional Commission	56,682	—
Special Programs for the Aging – Title III, Part B-Supportive Services and Senior Center	93.044	AG1813	Atlanta Regional Commission	167,711	—
Special Programs for the Aging – Title III, Part B-Supportive Services and Senior Center	93.044	AG1910	Atlanta Regional Commission	78,127	—
Special Programs for the Aging – Title III, Part C-Nutrition Services	93.045	AG1307	Atlanta Regional Commission	71	—
Special Programs for the Aging – Title III, Part C-Nutrition Services	93.045	AG1307	Atlanta Regional Commission	12,964	—
Special Programs for the Aging – Title III, Part C-Nutrition Services	93.045	AG1507	Atlanta Regional Commission	50,054	—
Special Programs for the Aging – Title III, Part C-Nutrition Services	93.045	AG1507	Atlanta Regional Commission	127,200	—
Special Programs for the Aging – Title III, Part C-Nutrition Services	93.045	AG1507	Atlanta Regional Commission	29,479	—
Special Programs for the Aging – Title III, Part C-Nutrition Services	93.045	AG1813	Atlanta Regional Commission	247,019	—
Special Programs for the Aging – Title III, Part C-Nutrition Services	93.045	AG1910	Atlanta Regional Commission	197,981	—
Nutrition Services Incentive Program	93.053	AG1307	Atlanta Regional Commission	39	—
Nutrition Services Incentive Program	93.053	AG1507	Atlanta Regional Commission	41	—
Nutrition Services Incentive Program	93.053	AG1813	Atlanta Regional Commission	29,085	—
Nutrition Services Incentive Program	93.053	AG1910	Atlanta Regional Commission	76,688	—
<b>SUBTOTAL – Aging Cluster</b>				<b>1,105,668</b>	<b>—</b>

*continued...*

# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – YEAR ENDED DECEMBER 31, 2018 (continued)

Title	CFDA	Grantor Program Number	State/Local Pass-Through Entity	Federal Expenditures	Subrecipient Expenditures
National Family Caregiver Support	93.052	AG1307	Atlanta Regional Commission	1	—
National Family Caregiver Support	93.052	AG1507	Atlanta Regional Commission	4,498	—
National Family Caregiver Support	93.052	AG1507	Atlanta Regional Commission	3,547	—
National Family Caregiver Support	93.052	AG1813	Atlanta Regional Commission	33,948	—
National Family Caregiver Support	93.052	AG1910	Atlanta Regional Commission	19,282	—
<b>SUBTOTAL</b>				<b>61,276</b>	<b>—</b>
Substance Abuse and Mental Health Services	93.243	1H79TI026114		286,462	285,464
Substance Abuse and Mental Health Services	93.243	1H79TI081037		69,407	69,407
<b>SUBTOTAL</b>				<b>355,869</b>	<b>354,871</b>
Temporary Assistance for Needy Families	93.558	42700-040-0000061460	Georgia Court Appointed Special Advocate	17,004	—
<b>SUBTOTAL – Temporary Assistance for Needy Families Cluster</b>				<b>17,004</b>	<b>—</b>
Community Based Care Transitions	93.621	AG1307	Atlanta Regional Commission	1,545	—
Community Based Care Transitions	93.621	AG1507	Atlanta Regional Commission	97	—
<b>SUBTOTAL</b>				<b>1,642</b>	<b>—</b>
Children's Justice Act Program	93.643	42700-040-0000073834	Georgia Court Appointed Special Advocate	17,648	—
<b>SUBTOTAL</b>				<b>17,648</b>	<b>—</b>
Aging Programs – Social Services Block Grant	93.667	AG1307	Atlanta Regional Commission	43	—
Aging Programs – Social Services Block Grant	93.667	AG1307	Atlanta Regional Commission	391	—
Social Services Block Grant	93.667	AG1507	Atlanta Regional Commission	68	—
Social Services Block Grant	93.667	AG1813	Atlanta Regional Commission	9,663	—
Social Services Block Grant	93.667	AG1910	Atlanta Regional Commission	6,192	—
Social Services Block Grant	93.667	AG1507	Atlanta Regional Commission	1,713	—
Social Services Block Grant	93.667	AG1813	Atlanta Regional Commission	4,377	—
Social Services Block Grant	93.667	AG1910	Atlanta Regional Commission	813	—
<b>SUBTOTAL</b>				<b>23,260</b>	<b>—</b>
Medical Assistance Program	93.778	000272742B	Georgia Department of Community Health	2,814	—
Medical Assistance Program	93.778	000272742B	Georgia Department of Community Health	2,875	—
<b>SUBTOTAL – Medicaid Cluster</b>				<b>5,689</b>	<b>—</b>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				<b>1,588,056</b>	<b>354,871</b>

continued...

# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – YEAR ENDED DECEMBER 31, 2018 *(continued)*

Title	CFDA	Grantor Program Number	State/Local Pass-Through Entity	Federal Expenditures	Subrecipient Expenditures
<b>Executive Office of the President</b>					
High Intensity Drug Trafficking Area	95.001		City of Atlanta	(2,395)	—
High Intensity Drug Trafficking Area	95.001	G17GA0009A		3,956,010	—
High Intensity Drug Trafficking Area	95.001	G18GA0009A		38,603	—
<b>SUBTOTAL</b>				<b>3,992,218</b>	<b>—</b>
<b>TOTAL EXECUTIVE OFFICE OF THE PRESIDENT</b>				<b>3,992,218</b>	<b>—</b>
<b>U.S. Department of Homeland Security</b>					
Disaster Grants – Public Assistance	97.036	FEMA-4338-DR-GA	Georgia Emergency Management and Homeland Security Agency	1,131,745	—
<b>SUBTOTAL</b>				<b>1,131,745</b>	<b>—</b>
Hazard Mitigation Grant	97.039	HMGP-4284-0008	Georgia Emergency Management and Homeland Security Agency	29,349	—
<b>SUBTOTAL</b>				<b>29,349</b>	<b>—</b>
Emergency Management Performance Grants	97.042	OEM17-069	Georgia Emergency Management and Homeland Security Agency	77,687	—
<b>SUBTOTAL</b>				<b>77,687</b>	<b>—</b>
Assistance to Firefighters Grant	97.044	EMW-2016-FP-00596	Georgia Emergency Management and Homeland Security Agency	116,791	—
<b>SUBTOTAL</b>				<b>116,791</b>	<b>—</b>
Homeland Security Grant Program	97.067	EMW-2016-SS-00007-S01	Georgia Emergency Management and Homeland Security Agency	7,367	—
Homeland Security Grant Program	97.067	EMW-2017-SS-0015-S01	Georgia Emergency Management and Homeland Security Agency	23,723	—
Homeland Security Grant Program	97.067	EMW-2017-SS-00015-S01	Georgia Emergency Management and Homeland Security Agency	5,330	—
<b>SUBTOTAL</b>				<b>36,420</b>	<b>—</b>
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>				<b>1,391,992</b>	<b>—</b>
<b>TOTAL FEDERAL ASSISTANCE</b>				<b>32,975,447</b>	<b>3,774,327</b>

# NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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## BASIS OF PRESENTATION AND ACCOUNTING

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of Gwinnett County, Georgia (the "County"), with the exception of the Gwinnett County Board of Health. The County reporting entity is defined in [Note 1](#) to the County's financial statements. Federal financial assistance received directly from federal agencies and federal assistance passed through other government agencies are included on the schedule.

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting for governmental fund types and the accrual basis of accounting for proprietary fund types as more fully described in [Note 1](#) to the County's financial statements.

The County has elected not to utilize the federal de minimus indirect cost rate.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Gwinnett County, Georgia** (the "County") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 20, 2019. Our report includes a reference to other auditors and to the implementation of new accounting standards related to other postemployment benefits. Other auditors audited the financial statements of the Gwinnett County Board of Health, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention of those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Atlanta, Georgia  
June 20, 2019



## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE

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The Board of Commissioners of Gwinnett County  
Lawrenceville, Georgia

### Report on Compliance for Each Major Federal Program

We have audited Gwinnett County, Georgia's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2018. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Gwinnett County Board of Health, which expended \$8,290,456 in federal awards which are not included in the County's Schedule of Expenditures of Federal Awards during the year ended December 31, 2018. Our audit, described below, did not include the operations of the Gwinnett County Board of Health because the component unit engaged other auditors to perform an audit in accordance with the Uniform Guidance.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

**Report on Internal Control Over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Atlanta, Georgia  
June 20, 2019

# GWINNETT COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2018

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### (1) Summary of Auditors' Results

- (a) The type of report issued on whether the financial statements audited were prepared in accordance with GAAP: **unmodified opinion**
- (b) Internal control over financial reporting:  
Material weaknesses identified: **no**  
Significant deficiencies identified, not considered to be material weaknesses: **none reported**
- (c) Noncompliance material to the financial statements noted: **no**
- (d) Internal control over major federal programs:  
Material weaknesses identified: **no**  
Significant deficiencies identified, not considered to be material weaknesses: **none reported**
- (e) The type of report issued on compliance for major federal programs: **unmodified**
- (f) Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a): **no**
- (g) Major Programs:  
**Community Development Block Grant Cluster, CFDA #14.218**  
**Federal Transit Cluster, CFDA #20.507**  
**High Intensity Drug Trafficking Areas Program, CFDA #95.001**  
**Disaster Grants – Public Assistance, CFDA # 97.036**
- (h) Dollar threshold to distinguish between Type A and Type B programs: **\$989,263**
- (i) Audit qualified as a low-risk auditee under the Uniform Guidance: **no**

**GWINNETT COUNTY, GEORGIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

**None.**

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

**None.**

**GWINNETT COUNTY, GEORGIA**  
**STATUS OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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**2017-001 – Reporting Capital Assets**

**Condition:** The County capitalized the County's costs of certain rights of way and construction for road projects which are owned, and were capitalized, by the State of Georgia. As the roads in question are owned and primarily maintained by the State, and the State capitalized the costs, the County should not have capitalized these costs, but rather expensed them as incurred.

**Auditee's Response / Status:** The finding was resolved in 2018.



# DISCLOSURE SECTION



# DISCLOSURE SECTION

## (UNAUDITED)

### CONTINUING AND ANNUAL EVENT DISCLOSURES

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

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

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

### AGREEMENT AND AFFECTED BOND ISSUE

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

- *Water and Sewerage Authority Revenue Bonds, Series 2009A and B*
- *Water and Sewerage Authority Refunding Bonds, Series 2011*
- *Water and Sewerage Authority Refunding Bonds, Series 2015*
- *Water and Sewerage Authority Refunding Bonds, Series 2016 and 2016A*

# DESCRIPTION OF THE WATER AND SEWERAGE SYSTEM

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## The Water System

Gwinnett County obtains all of its water supply needs from facilities located at Lake Sidney Lanier (Lake Lanier), a 38,000-acre lake located just north of the county. Withdrawal from Lake Lanier is regulated through permits issued by the U.S. Army Corps of Engineers and the Georgia Department of Natural Resources' Environmental Protection Division (EPD). The water system consists primarily of the intake and treatment facilities at Lake Lanier, transmission mains, distribution mains, booster stations, storage, and administration and operations facilities. The Lanier Filter Plant and the majority of the water system's facilities and pipes were constructed after 1970. The Shoal Creek Filter Plant was completed in 2004 and has operated continuously since that time, with production split between the two facilities. A brief description of primary water system facilities is provided below.

**Water Production Facilities:** The Lake Lanier facilities include two raw water intakes with pump stations, four raw water force mains, a surge tank, a raw water distribution structure, a raw water reservoir, two water filtration plants, two finished water pump stations, and a residuals handling facility. The Lanier Raw Water Pump Station, dating from 1976, is located on the shore of Lake Lanier and has access to deep water in the main body of the lake. This intake consists of three 72-inch diameter fiberglass pipes of varying lengths, arranged to withdraw water from approximately 10, 24, and 45 feet below normal surface elevation of the lake (1,071 feet above mean sea level). The Shoal Creek Intake and Pump Station uses a 14-foot diameter tunnel below the lake bottom to withdraw water from an elevation of 1,025 msl.

The Lanier Raw Water Pump Station has six 30 million gallons per day (MGD) pumps, allowing for a peak pumping capacity of 180 MGD and a capacity of 150 MGD. Two raw water force mains, 48-inch and 72-inch diameters, follow a parallel route 2.9 miles to the Lanier Filter Plant. These mains are protected using a steel hydro-pneumatic surge tank, which prevents water column separation in the event of a power failure or emergency pump shutdown. A major upgrade to the Lanier Raw Water Pump Station was completed in January 2008. The work included new pumps and motors, hydraulic system, electrical switchgear, motor starters and controls, and HVAC systems.

The Shoal Creek Raw Water Pump Station has four 35 MGD pumps dedicated to the Shoal Creek Filter Plant, and four 50 MGD pumps dedicated to the Lanier Filter Plant. This design greatly improves the reliability of the water system by having backup pumping capability for both water production facilities. Two 72-inch diameter raw water mains carry water to the Shoal Creek and Lanier Filter Plants. This station went into operation in September 2004.

Construction of the Raw Water Distribution Structure was finished in 2005. This structure is the junction box for all raw water lines from both raw water pump stations. This structure allows distribution of water from either raw water pump station to either or both water treatment plants. This allows additional flexibility to maintain operations in the event of outages at either raw water pump station.

The Lanier Filter Plant is located on a 94-acre site north of the city of Buford. The plant has a treatment capacity of 150 MGD. Facility components consist of a 37 million-gallon raw water storage reservoir; ozone disinfection facilities; pre-treatment facilities (rapid mix and flocculation); filtration; clear wells; a high-service pump station; chemical storage, handling, and feed systems; and residuals handling facilities. High-service pumping to the water distribution system is accomplished with seven variable speed pumps, four at 50 MGD and three at 25 MGD, allowing a nominal firm capacity of 200 MGD. The plant is operated through the use of an integrated Supervisory Control and Data Acquisition (SCADA) computer system, which controls both the treatment facility and tanks/pump stations within the distribution system.

Additional improvements and enhancements to the Lanier Filter Plant have been ongoing, intended to enhance reliability and accommodate growth. The clear well storage was increased by 20 mg. This increased finished water storage, allowing multi-day averaging to reduce maximum day demand peaking factor from 1.67 to 1.5, which extended the sufficiency of the Lanier Filter Plant capacity by several years. Also, an upgrade of the residuals handling facility was completed in August 2002. This improvement removed the

previous liquid sludge contribution to the sanitary sewer system and replaced it with a dewatering system capable of producing a residuals product. Work was completed in 2008 to provide an enhanced Backwash Equalization Process to improve operation of the residuals facility. The addition of two backwash equalization tanks, a filtrate equalization tank, and recycle pump station enables the plant to recycle the filter backwash water. This new process allows the plant to save and recycle 2 MGD and thereby reduce the amount of raw water withdrawn from the lake. The existing backwash pumps were replaced in 2013. In 2014, standby generators capable of powering essential treatment processes were installed at both water plants and one raw water pump station was installed.

The Shoal Creek Filter Plant went into operation in September 2004. The Shoal Creek facility duplicates the processes employed at the Lanier facility, with the exception of the residuals handling process: all filter backwash water is pumped to the Lanier facility for dewatering. The Shoal Creek Filter Plant sits on an 88-acre site approximately three miles west of the Lanier Filter Plant. With its capacity of 75 MGD, the total water system capacity is now 225 MGD. Having the second facility greatly improves redundancy and reliability of the overall water system.

The 1986 Amendments to the *Safe Drinking Water Act* (SDWA) expanded requirements for testing and monitoring for lead and copper content of drinking water (the “*Lead and Copper Rule*”), along with other new water quality parameters. The County conducted a corrosion optimization study that examined options available to minimize corrosion. The County has conducted full-scale system evaluations of corrosion inhibitors to select products best suited for this specific water chemistry. EPD approved the County’s long-term corrosion control plan in 1995 and in 1999. Successful use of blended phosphate corrosion inhibitors has optimized the County’s corrosion control program. This program has reduced the Lead/Copper sampling frequency to one event every three years. The most recent sampling and testing was completed in 2017. The test results were in full compliance.

The 1996 Reauthorization of the *Safe Drinking Water Act* required that water systems begin publication and distribution of annual *Consumer Confidence Reports* (CCRs) in 1999. Our CCR, called *Gwinnett Water Words*, was mailed annually since then with the water bills, and it is available on the Gwinnett County website. CCRs detail all regulated contaminants, and certain unregulated contaminants, detected in drinking water. These include specific language dealing with particular contaminants (including lead), which may be found in drinking water and/or bottled waters. There has been a positive response from consumers regarding this report.

**Vulnerability Assessment:** *The Public Health, Security, and Bioterrorism Preparedness and Response Act of 2002* (PL107-188) required community water systems serving more than 100,000 persons to conduct Vulnerability Assessments and prepare specific Emergency Response Plans. The Vulnerability Assessment was completed by the March 2003 deadline, and the Emergency Response Plan was finished by September 2003, as required. Both documents were updated in 2013. Additional security upgrades are factored into future capital improvement planning based on the results of an updated 2013 Vulnerability Assessment.

**Transmission Mains:** The transmission system includes approximately 180 miles of transmission mains. The first major transmission main loop for the county was completed in 1980 and consisted of approximately 89 miles of 36- and 48-inch pipe. This loop around the county made it possible to reliably serve the entire area with water in the event of a major transmission main break. Large diameter pipes branch off of this loop to provide water service to all populated areas within the county, and also connect to wholesale customers neighboring the county. Because of continued growth, a third transmission main was installed along the western portion of the county. Connections between the main and original transmission system provide greater flexibility and reliability of the water distribution system. Over time additional improvements to the system have included: a transmission main from the Lanier Filter Plant to the 48-inch loop near Lawrenceville, a transmission main connecting the Shoal Creek Filter Plant to the Lanier Filter Plant, and a 60-inch transmission line from the Shoal Creek Filter Plant to the 48-inch transmission main on Peachtree Industrial Boulevard. These connections and extensions greatly reinforce the county loop system and add reliability.

**Distribution Mains:** The distribution main system consists of approximately 3,788 miles of pipes in addition to the transmission mains. These pipes consist of varying materials and sizes, and distribute water from the transmission main system to the customers.

**Booster Stations:** The Water System includes booster pump stations that raise water pressure in local areas to acceptable levels. They are used to provide service to customers in hilltop areas above the system delivery gradient or where limitations in transmission and storage capacity make delivery pressures too low. Currently, the water distribution system has 10 booster stations. While booster stations raise water pressure above the standard system gradient, topography dictates that other areas (considerably below the system delivery gradient) are relieved of excess pressure. This pressure management is accomplished by the creation of special zones that are isolated under normal circumstances by pressure-reducing valves.

To optimize service delivery, the County has established four separate pressure zones based on topography: South, Central, North, and Upper North. The Upper North Pressure Zone consists of the highest elevations in the county and is served by the Bogan Road Pump Station. The existing Bogan Road Pump Station was upsized in 2003 and in 2008 to better serve this growing area. The North Pressure Zone is served by three high-service pumps at the Lanier Filter Plant. During 2006, these pumps were replaced with three 25 MGD pumps with an increased delivery gradient to better serve this area. The Rock Quarry Road Pump Station, with a 10 mg tank and a 20 MGD pump station, was completed in summer 2004. The water is delivered to the Central Pressure Zone from four high-service pumps at the Lanier Filter Plant through the County's transmission mains. The South Pressure Zone is a region with elevations lower than the rest of the county; water is delivered to the south area from the central area through a series of pressure-reducing valves which were upgraded in 2014.

**Storage Facilities:** Water system storage is either ground storage or elevated tanks. The finished water clear wells at the Lanier and Shoal Creek Filter Plants provide 58 million gallons (mg) of storage (38 at Lanier and 20 at Shoal Creek). Ground storage tanks (10 mg or 5 mg in size) are located near the cities of Norcross, Buford, Grayson, Snellville, and Lilburn. Completion of the Rock Quarry 10 mg tank in Buford and the clear well at the Shoal Creek Filter Plant boosts total finished water storage to 119 mg.

**Customers of the Water System:** As of December 31, 2018, the water system had 247,188 retail customers. The water system provides treated water to both retail and wholesale customers within and around the county. The water system provides water at retail rates directly to customers residing in unincorporated areas of the county, as well as to many customers within incorporated areas. As municipalities within the county annex contiguous areas, water and sewer service remains with Gwinnett County, and the residents of the contiguous areas continue to purchase water at retail rates. Gwinnett County provides direct retail service to the residents of Berkeley Lake, Dacula, Duluth, Grayson, Lilburn, Norcross, Peachtree Corners, Snellville, and Sugar Hill. The water system also provides direct retail service to some of the residents of the cities of Buford, Lawrenceville, Loganville, and Suwanee. It serves some of the residents of Buford, Lawrenceville, and Suwanee on a wholesale basis. The city of Lawrenceville supplements its water system with wells. The city of Buford has its own intake in Lake Lanier and its own water treatment plant. The Gwinnett County water system also sells water on a wholesale basis to the city of Auburn in Barrow County, the Town of Braselton in Barrow County, the city of Loganville in both Gwinnett and Walton Counties, and the Walton County Water and Sewer Authority. The County purchased the city of Duluth's water system in December 1991, the city of Grayson's water system in May 1993, the city of Sugar Hill's water and sewer system in December 1995, the city of Dacula's water system in May 1996, and the city of Norcross' water system in 2013.



## WATER CONSUMPTION 2009 – 2018

The following table shows the average daily consumption in MGD of water billed by the Water System during the years 2009 through 2018:

Year	Gwinnett County Consumption		Out-of-County Consumption	Total Average Daily Consumption
	Retail	Wholesale	Wholesale	
2009	60.95	2.77	0.30	64.02
2010	63.39	2.77	0.08	66.24
2011	63.81	2.47	0.11	66.39
2012	60.34	2.38	0.22	62.94
2013	57.00	1.77	0.13	58.90
2014	57.45	1.79	0.19	59.43
2015	60.17	1.82	0.21	62.20
2016	68.90	2.15	0.22	71.27
2017	62.40	1.87	0.21	64.48
2018	63.30	1.68	0.18	65.16

Non-revenue water is due to water system losses, fire flow, meter underreporting and other causes. In 2010, non-revenue water was approximately 11 percent of the volume of water produced. On June 1, 2010, the governor signed the *Georgia Water Stewardship Act of 2010* (SB 370). This act states that all water providers in the state of Georgia with a population “equal to or greater than 3,300” must implement a water loss control program and conduct an annual water system audit using American Water Works Association’s Free Water Audit Software. Non-revenue water was calculated at 9.87 percent for 2018. The Department of Water Resources continues with a task force that is working towards decreasing the monthly percentage of non-revenue water by focusing on all areas of possible water loss and finding methods to track and account for water not currently metered. These efforts include a) tracking water use through hydrants by County departments, contractors, and for County projects; b) testing and replacing large water meters; and c) reducing the overall pressures in certain areas of the county by creating new pressure zones in the higher pressure areas of the county.

The following tables show the 10 largest retail and wholesale customers of the water system during the 12 months ended December 31, 2018. Total Gwinnett County water usage during the 12 months ending December 31, 2018, was 23,093,062 thousands of gallons, generating \$161,535,813 in usage revenues (excluding late fees). No single retail customer accounted for more than 1.11 percent of total water system usage in 2018, and the 10 largest retail customers together accounted for 3.83 percent of such consumption. Gwinnett County generated \$18,089,110 in conservation tier charge revenue from water customers who exceeded consumption of 7,999 gallons in any given month.

## WATER USE: 10 LARGEST RETAIL WATER CUSTOMERS – 2018

Customer	Thousands of Gallons-Per-Year	MGD	Total Revenues Received
Gwinnett County Board of Education	256,317.5	0.70	\$ 1,261,082
Gwinnett County Government	212,518.8	0.58	1,045,592
Publix	131,546.2	0.36	647,207
Gwinnett County Jail	77,432.1	0.21	380,965
OFS Brightwave	44,981.6	0.12	221,309
Parc Shores	34,406.3	0.09	169,279
Phillips State Prison	33,604.8	0.09	165,336
Quality Technology	32,907.5	0.09	161,905
Suzanna's Kitchen 1	31,441.2	0.09	154,691
Suzanna's Kitchen 2	29,994.7	0.08	147,574
<b>TOTAL</b>	<b>885,150.7</b>	<b>2.41</b>	<b>\$ 4,354,940</b>

## WATER USE: WHOLESALE WATER CUSTOMERS – 2018

Customer	Thousands of Gallons-Per-Year	MGD	Total Revenues Received
City of Lawrenceville	646,651.7	1.77	\$ 3,156,822
City of Loganville	24,101.6	0.07	118,580
City of Buford	16,536.5	0.05	81,359
City of Braselton	8,649.3	0.02	42,554
City of Suwanee	651.5	0.00	3,205
Walton County Water	316.4	0.00	1,556
City of Auburn	4.9	0.00	24
Barrow County	1.4	0.00	7
<b>TOTAL</b>	<b>696,913.3</b>	<b>1.91</b>	<b>\$ 3,404,107</b>

## RETAIL MONTHLY METER CHARGES

**Current Water Rates:** Presented below are the major rate categories currently in effect. The Gwinnett County Board of Commissioners adopted the following rates at a special meeting on December 16, 2014. This resolution removed the previous rate increase in 2015. The Board of Commissioners has subsequently adopted rate increases effective every other year beginning on January 1, 2017 and going through 2021. The previously adopted rates approved in 2014 were replaced on December 18, 2018. This rate resolution approved water and sewer rates from 2019 through 2025 with increases in 2019, 2021, 2023, and 2025 (see schedules that follow). Water rates are fixed by the County and are subject to change, as the County deems advisable. Rates set by the County are not subject to approval by any outside agency.

Meter Size	Base Water Fee
¾"	\$ 7.50
1"	16.50
1½"	27.00
2"	52.50
3"	144.00
4"	210.00
6"	400.00
8"	\$ 750.00

## RETAIL MONTHLY WATER CHARGES

Volume Charge: All accounts shall be charged the following volume charge for water that passes through the water meter:

Current Jan 1, 2019	Effective Jan 1, 2021	Effective Jan 1, 2023	Effective Jan 1, 2025
Tier 1: \$4.99/1,000 gal	Tier 1: \$5.06/1,000 gal	Tier 1: \$5.11/1,000 gal	Tier 1: \$5.16/1,000 gal
Tier 2: \$7.49/1,000 gal	Tier 2: \$7.59/1,000 gal	Tier 2: \$7.66/1,000 gal	Tier 2: \$7.74/1,000 gal
Tier 3: \$9.98/1,000 gal	Tier 3: \$10.12/1,000 gal	Tier 3: \$10.22/1,000 gal	Tier 3: \$10.32/1,000 gal

*Note: Water charges are based on a three-tier system to promote conservation. Tier 1 rates are applied to consumption less than 8,000 gallons, Tier 2 rates are applied to consumption 8,000 – 12,000 gallons, and Tier 3 rates are applied to consumption greater than 12,000 gallons.*

All irrigation and builder accounts are billed at 2.0 times the tier-one volumetric rate for all water passing through the water meter per billing period as follows:

Current Jan 1, 2019	Effective Jan 1, 2021	Effective Jan 1, 2023	Effective Jan 1, 2025
\$9.98/1,000 gal	\$10.12/1,000 gal	\$10.22/1,000 gal	\$10.32/1,000 gal



## FIRE PROTECTION

The fee for fire protection taps is \$2.00 per inch of fire service pipe diameter. Also water that passes through the fire protection meter for purposes other than fire suppression is billed for water and sewer; the water volumetric rate applicable to non-fire-related water usage shall be 3.0 times the Tier 1 rate. Each private line is equipped with an approved detector meter at the customer's expense.

## CONNECTION CHARGE

Charges for connecting new services to the water system:

Meter Size	Charge per Connection
¾"	\$ 395
1"	527
1½"	1,036
2"	1,248
3"	1,562
4"	2,250
6"	3,890
8"	6,627
10"	9,630
12"	\$ 16,211

## WATER SYSTEM DEVELOPMENT CHARGES

Water Meter Size	January 1, 2015 – 2025
¾"	\$ 1,128
1"	3,610
1½"	8,573
2"	15,679
3"	39,142
4"	62,830
6"	125,434
8"	200,671
10"	Varies*
12"	Varies*

*\* Determined by the Department of Water Resources*

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

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

From 1990 to 2000, the County paid \$9.74 per million gallons for water withdrawn. In April 2000, the U.S. Army Corps of Engineers increased this amount to \$18.80 per million gallons. In December 2000, customers of the Southeastern Power Administration, which receive the benefits of hydropower production from Corps of Engineers projects in the ACT and ACF basins, filed a lawsuit seeking an increase in the price charged to municipalities drawing domestic water supplies from Lake Lanier. Gwinnett County, with the Atlanta Regional Commission and others, joined in the mediation of this lawsuit. The settlement of this litigation, signed by the United States, the State of Georgia, and hydro-power customers as well as the municipal water purveyors, would have restored the contractual relationship between Gwinnett County and the United States Corps of Engineers pending *National Environmental Policy Act* procedures. The new contracts would reserve unto Gwinnett County a portion of the conservation pool of Lake Lanier sufficient to yield an annual average supply of up to 152 MGD even during a severe drought. The annual cost of raw water would increase from approximately \$700,000 per year on an escalating and interminable schedule to approximately \$1,780,000 per year on a 30-year amortization schedule, after which payments for that volume of water cease. These increased payments would be retroactive to 2003, the date the settlement agreement was approved by the D.C. District Court. The interim water storage contract appended to the mediation agreement and which is convertible to a permanent storage contract has a 10-year term with an automatic 10-year renewal provision. This conversion to a permanent storage

contract is contingent upon clarification of the legal authority granted to the U.S. Army Corps of Engineers by the Congress to enter into permanent contracts. This settlement agreement was appealed by Florida and Alabama to the Washington D.C. Circuit Court of Appeals. A three-judge panel of the D.C. Circuit Court determined on February 5, 2008, that the hydropower compensation settlement agreement exceeded the Corps of Engineers' authority, thus overturning the decision by the D.C. District Court. As a consequence, Gwinnett County is relieved of the accumulated contingent liability of the difference in a) payments for actual raw water amounts used at \$18.80 per million gallons and b) the \$1,780,000 annual payment for storage since 2003. However, it is expected that when some agreement is reached with Alabama and Florida, the Corps of Engineers will have authority to contract with the county and will need to be compensated for the use of the storage in Lake Lanier to offset the use of the water to generate power.

The water system is required to have a permit from EPD to withdraw water from Lake Lanier. In 1997, the County received a revised withdrawal permit for 150 MGD during a maximum day. This rate of withdrawal coincided with the capacity of the expanded plant on which construction was completed in December 1997. The withdrawal permit was amended in 1999 to change the 150 MGD limit from "maximum day" to "average day for any month." This permit modification allowed the County to proceed with the new Shoal Creek Filter Plant construction to increase the water production capacity from 150 MGD to 225 MGD. Major construction of this plant was finished in 2004. The current withdrawal permit is sufficient to meet near-term demand projections. For example, the maximum monthly withdrawal rate was 118 MGD, 110 MGD, 81 MGD, 87 MGD, 87 MGD, 91 MGD, 84 MGD, 71 MGD, 86 MGD, 89 MGD, 109 MGD, 91 MGD, and 85 MGD for the years 2006 – 2018, respectively. The County will continue to pursue increased withdrawals from Lake Lanier as demand increases.

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

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

On July 17, 2009, the district court judge ruled that drinking water supply is not a congressionally-authorized use of the storage in Lake Lanier. The County's withdrawals from Lake Lanier were therefore considered unauthorized by this District Court. The judge gave the parties three years to obtain congressional approval of the reallocation of the use of Lake Lanier and allowed the current water withdrawals to continue during this period.

The Governor of Georgia worked to resolve this issue and took the following steps:

- Participating in negotiations with Alabama and Florida
- Seeking Congressional authorization
- Contingency planning for alternate water sources; and
- Appealing Judge Magnuson's decision

An additional issue facing the water system is the long-term supply if the sustainable yield of the Chattahoochee basin is reached. The County may have to consider alternative means of meeting projected future demand. The costs of implementing alternative means to meet this demand cannot be determined at this time. However, return flows of high-quality reclaimed water to Lake Lanier are expected to be advantageous to the County's future allocation in the form of net withdrawal credit for return flows.

On June 28, 2011, the Federal Eleventh Circuit Court of Appeals ruled on the appeal of Judge Magnuson's decision and reversed the decision and remanded to the District Court and the United States Corps of Engineers, saying the Corps of Engineers did not constitute a final agency action when it denied Georgia's 2000 water supply request. The court gave the Corps of Engineers one year to complete its analysis of its water supply authority and release its conclusions. While the County awaited the Corps of Engineers' determination, the County continued to pursue getting the Corps of Engineers to give credit for the volume of water returned to Lake Lanier and subtracts this amount from the water withdrawn for payment of the \$18.80 per million gallons withdrawn.

On February 12, 2012, the State of Alabama, Alabama Power, the City of Apalachicola, the State of Florida, and Southeastern Federal Power Customers filed a petition for a Writ of Certiorari, thereby appealing the decision of the 11<sup>th</sup> Circuit Court of Appeals to the U.S. Supreme Court. On June 25, 2012, the U.S. Supreme Court denied the Writ of Certiorari, taking no part in the consideration or decisions of the petitions. On June 26, 2012, the Corps of Engineers issued a memorandum stating that it has the legal authority to store and release water for water supply from Lake Lanier sufficient to meet Georgia's 2000 request for 705 MGD (297 MGD direct lake withdrawals and 408 MGD from the Chattahoochee River below Buford Dam). To date, the Corps has not determined how that request is to be distributed to the various water purveyors, including Gwinnett County. However, the Corps of Engineers is currently developing an updated Water Control Manual for the ACF basin, and the operation of the federal dams within that basin, which is anticipated to address the issue of distribution of the 705 MGD Georgia request.

On September 25, 2013, the State of Florida filed a motion for leave to file a complaint against the State of Georgia before the Supreme Court of the United States. The complaint is for equitable apportionment of the water within the ACF Basin and includes a request for injunctive relief. In the complaint Florida argues that the Apalachicola Bay oyster fishery has been harmed by their claim that Georgia has overused the water within the basin, both for metro Atlanta water users as well as agricultural uses, which has resulted in an increase in the salinity of the bay, a claim which has not been proven factually. In addition, Florida has argued that numerous other economically beneficial, as well as endangered, species are also threatened as a result of reduced flows. Florida has requested the Supreme Court cap Georgia's overall depletive water withdrawals at the levels of January 1992.

On February 14, 2017, a judicial official urged the U.S. Supreme Court to reject strict new water consumption limits. The recommendation by Ralph Lancaster, a special master appointed by the U.S. Supreme Court to handle the case, found that Florida had "failed to show that a consumption cap" was needed after five weeks of hearing testimony in the case. Lancaster's finding is not final, as the high court can reject his recommendation or take another route. Congress could ultimately weigh in, and further lawsuits cannot be ruled out either.

On June 28, 2018 the U.S. Supreme Court directed an expert judge to revisit Florida's legal challenge to Georgia. The justices' 5-4 ruling will extend the legal battle for what could easily be upwards of a year, What was readily apparent from the Supreme Court's ruling on Florida's case over the ACF is that finding any legal resolution for the so-called "equitable apportionment" of water will not be easy. Proceedings, they said, could take months, a year or far longer.



## The Sewerage System

The sewage treatment facilities of the system (the “Sewerage System”) are comprised of three Water Reclamation Facilities (“WRFs”) that are wholly owned by the Water and Sewerage Authority. All of the sewerage system’s WRFs provide advanced treatment under some of the most stringent environmental requirement in the state of Georgia.

A water resources laboratory providing chemical and microbiological analyses ensures the WRFs provide consistent reporting and monitoring to the regulators. Additional laboratory services include monitoring and enforcement of industrial pretreatment requirements, and ambient water quality monitoring of the streams and rivers within the county, as needed. Separate process control laboratories are also maintained at each WRF to monitor plant performance and provide data for process control decisions.

**Water Reclamation Facilities:** The Sewerage System’s treatment facilities are the F. Wayne Hill Water Resources Center (WRC), the Yellow River WRF, and the Crooked Creek WRF. The following table shows the permitted capacity in MGD of each treatment facility and the approximate usage for each during 2018.

### SEWERAGE SYSTEM CAPACITY AND USAGE IN 2018

*(All flows are in millions of gallons per day, MGD)*

Wastewater Reclamation Facilities (WRFs)	Permit	ADMMF	AADF
F. Wayne Hill WRC	60.0	41.55	35.71
Crooked Creek WRF	16.0	9.74	7.51
Yellow River WRF	22.0	18.18	14.44
<b>TOTAL SYSTEM<sup>(1)</sup></b>	<b>98.0</b>	<b>69.47</b>	<b>57.66</b>

<sup>(1)</sup> This total is the Average Daily Flow for the system’s Maximum Month and is not the sum of the ADMMF’s for the individual locations which may occur in different months.

The County reports the numbers of National Pollutant Discharge Elimination System (NPDES) permit violations experienced by the County’s WRFs. In the years 2008 through 2018, the violations reported were zero, ten, four, two, zero, zero, one, zero, two, zero, and zero, respectively. Nine of the violations in 2009 and four in 2010 were permitted flow exceedances caused by flooding in the County in September 2009. Due to the severity of the flooding, the county was declared a natural disaster by the Federal Emergency Management Agency (FEMA). Gwinnett County WRFs have won more than 144 awards from the National Association of Clean Water Agencies and the Georgia Association of Water Professionals in the years 2008 through 2018 for exceptional operations and permit compliance. In 2016, the F. Wayne Hill WRC was named “Co-Plant of the Year” in its size category by the Georgia Association of Water Professionals. During a major rehab in 2018, the Crooked Creek WRC was named Plant of the Year by the Georgia Association of Water Professionals.

As part of a 50-year Water and Wastewater Master Plan, the F. Wayne Hill WRC started operation in early 2001. In late 2005, construction was completed on an additional 40 MGD of treatment capacity at the F. Wayne Hill WRC. The additional capacity brings the total water reclamation capacity of the F. Wayne Hill WRC to 60 MGD. The facility is part of a comprehensive plan to protect and conserve the County’s limited water supply. The F. Wayne Hill WRC meets one of the strictest overall treatment requirements in the Southeast, producing high-quality reclaimed water that is clean enough to discharge to a drinking water supply source. The F. Wayne Hill WRC is permitted to discharge up to 40 MGD into

Lake Sidney Lanier and 20 MGD into the Chattahoochee River. The F. Wayne Hill WRC began discharging to Lake Lanier after the completion of the pipeline to the Lake in 2010. The F. Wayne Hill WRC discharged 9,371 mg of reclaimed water in 2011, 8,426 mg in 2012, 9,640 mg in 2013, 10,659 mg in 2014, 12,056 mg in 2015, 13,610 mg in 2016, 12,840 mg in 2017, and 13,590 mg in 2018 to Lake Lanier.

In early 2007, construction began at the Yellow River WRF in order to consolidate wastewater flows from several smaller, aging wastewater treatment facilities in the Yellow River basin and treat that flow at one facility capable of producing an effluent that meets current Environmental Protection Division standards. The County chose to consolidate operations in the Yellow River basin to the single Yellow River site rather than upgrade and rehabilitate each of the smaller individual sites as a way to reduce the overall cost to our ratepayers and stakeholders. The result of consolidating operations into a single site resulted in reduced capital costs for construction as well as reduced long-term operating costs. This savings is possible through economies of scale achieved by building and operating a single large facility. The Yellow River WRF reconstruction went into operation in June 2011, at which time the permitted capacity increased from 13.5 to 22.0 MGD.

The Crooked Creek WRF improvement project started in 2009 to improve efficiency and provide reliable treatment capacity. Improvements completed in 2011 include a new influent pump station with in-line grinders and a new headworks with band screens and vortex grit removal. A new administration and maintenance building and new effluent filters were completed in 2014.

In August 2011, Gwinnett County completed the Gas-to-Energy and Fats, Oils, and Grease/High-Strength Waste Receiving Facilities at F. Wayne Hill Water Resources Center at a cost of \$5 million and \$3.5 million, respectively, funded through the *American Reinvestment and Recovery Act*. Gwinnett County has realized a savings of more than \$1,200 per day since the start of the generator engine in August 2011. Both projects received an Achievement Award from the National Association of Counties.

**Collection System:** Gwinnett County has approximately 2,777 miles of gravity and force main sewers ranging in size from eight inches to 72 inches in diameter, and approximately 218 active pump stations. These gravity sewers and pump stations collect and transmit the wastewater flow from the water customers who are served by the sewer system to the WRFs. Sewer service is provided in the central, western, and north central portions of the county. The Lower Apalachee and Lower Alcovy basins are only minimally served by sewers at this time. The 2040 Water and Wastewater Master Plan identified infrastructure improvement needs through the 2040 planning period and beyond based on flow projections. The County experiences sanitary sewer overflows, mainly due to root intrusion and grease accumulation in the sewer system. The County has a grease control and root control program to address these issues. The reportable overflows for 2009 to 2018 were 31, 30, 22, 23, 14, 25, 24, 43, 42, and 12, respectively.

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

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

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



**Customers of the Sewerage System:** As of December 31, 2018, the Sewerage System had 173,653 retail customers. The city of Norcross was using the Sewerage System facilities on a wholesale basis until May of 2013 when Gwinnett County purchased Norcross' water and sewerage system. Beginning January 1, 2012, Gwinnett County entered into a new agreement with DeKalb County where each party pays retail sewer rates for all wastewater treated. Residents of Lilburn, Snellville, Berkeley Lake, Grayson, Duluth, Dacula, Suwanee, and Sugar Hill who are connected to the Sewerage System receive their service directly from the County. A portion of the residents of Buford are served by Buford's wastewater treatment system, while others are served by the County.

The following table shows the 10 largest retail users of the Sewerage System during 2018. Total Gwinnett County sewer usage during 2018 was 17,017,746 thousands of gallons, generating \$148,631,767 in usage revenues (excluding late fees). No single retail user accounted for more than 1.16 percent of total Sewerage System consumption in 2018, and the 10 largest users together accounted for 3.8 percent of such consumption. In addition to retail customers, the County also provided service to two municipal customers on a wholesale basis: DeKalb County and the city of Lawrenceville. DeKalb County produced 0.50 MGD of wastewater in 2018 and was billed \$1,489,114. The city of Lawrenceville produced 1.69 MGD of wastewater in 2018 and was billed \$4,934,305. These two wholesale customers accounted for 4.69 percent of the total Sewerage System consumption.

In June 2015, a Nutrient Recovery Facility began operations at the F. Wayne Hill WRC. This facility can produce up to 40 tons a day of slow release fertilizer. Gwinnett County has a 10-year contract with a commercial distributor to buy the fertilizer at \$400 a ton.

## 10 LARGEST RETAIL SEWERAGE USERS – 2018

Customer	Thousands of Gallons-Per-Year	MGD	Total Revenues Received
Gwinnett County Board of Education	198,087	0.54	\$ 1,582,718
Gwinnett County Government	132,835	0.36	1,061,348
Publix	51,677	0.14	412,902
Gwinnett County Jail	50,488	0.14	403,400
Parc Shores	42,272	0.12	337,752
Phillips State Prison	41,583	0.11	332,245
ROC III SGA Promenade at Berkeley	34,893	0.10	278,791
MTS – Sweetwater	33,213	0.09	265,369
3500 Peachtree Corners	30,883	0.08	246,756
Domain Apartments	30,335	0.08	242,375
<b>TOTAL</b>	<b>646,266</b>	<b>1.76</b>	<b>\$ 5,163,656</b>

**Current Sewerage Rates:** The schedule presented below shows sanitary sewer rates. The Gwinnett County Board of Commissioners adopted the following rates at a special meeting on December 16, 2014. This resolution has removed the previous rate increase in 2015. The Board of Commissioners has subsequently adopted rate increases effective every other year beginning on January 1, 2017 and going through 2021. The previously adopted rates approved in 2014 were replaced on December 18, 2018. This rate resolution approved water and sewer rates from 2019 through 2025 with increases in 2019, 2021, 2023, and 2025 (see schedules that follow). The sewer rates are subject to change by the County, as it deems advisable. Rates set by the County are not subject to the approval of any outside agency.

## VOLUME SEWER CHARGE

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

Current Rate Jan 1, 2019	Effective Jan 1, 2021	Effective Jan 1, 2023	Effective Jan 1, 2025
\$8.14/1,000 gal	\$8.30/1,000 gal	\$8.40/1,000 gal	\$8.50/1,000 gal

*Note: In addition to the water base fee, all retail sewer accounts pay a base sewer fee of \$5.00 per billing period, with the exception of multi-family housing on a master meter. The base fee is separate from the volume charge for either water or sewer usage. Where one meter serves more than one unit, the monthly meter fee is \$10.00 per unit per billing period. Base fee are effective until modified by the Board of Commissioners.*

## INDUSTRIAL SURCHARGE

As computed for specific conditions of discharge:

## SEWER SYSTEM DEVELOPMENT CHARGE

Water Meter Size	January 1, 2015 – 2021
¾"	\$ 4,147
1"	13,270
1½"	31,517
2"	57,643
3"	143,901
4"	230,988
6"	461,146
8"	737,751
10"	Varies*
12"	Varies*

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



## ANNUAL FINANCIAL INFORMATION

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

# GWINNETT COUNTY WATER AND SEWERAGE SYSTEM AND AUTHORITY

## SUMMARY OF COMBINED OPERATING RESULTS

(in thousands of dollars)

	2018	2017*	2016	2015	2014*
<b>Operating Revenues:</b>					
Residential and commercial service	\$ 302,972	\$ 297,850	\$ 305,826	\$ 293,549	\$ 288,199
Wholesale service	4,760	5,240	4,999	4,532	4,287
Public fire protection charges to other funds	701	701	686	683	677
Connection charges	1,356	1,446	1,498	1,431	1,209
Miscellaneous	6,293	6,328	5,047	5,779	4,635
Total operating revenues	316,082	311,565	318,056	305,974	299,007
<b>Operating Expenses:</b>					
Water production	13,253	12,634	15,322	13,474	14,564
Distribution and collection	35,013	34,371	32,802	30,442	31,090
Engineering	6,959	5,931	5,112	4,547	4,465
Reclamation	33,956	32,072	35,708	35,986	31,826
Depreciation and amortization	97,278	96,719	81,671	78,968	77,632
General and administrative	32,414	32,625	31,890	21,579	26,692
Total operating expenses	218,873	214,352	202,505	184,996	186,269
Operating income	97,209	97,213	115,551	120,978	112,738
<b>Non-operating Revenues (Expenses):</b>					
Investment earnings	6,454	3,281	272	1,426	868
Interest expense	(19,896)	(18,858)	(25,589)	(34,569)	(38,402)
Loss on disposal of fixed assets	(598)	(1,962)	(1,526)	(17,667)	(1,902)
Income before operating transfers and contributions	83,169	79,674	88,708	70,168	73,302
Capital contributions	51,227	48,412	51,033	43,978	29,051
Transfers in	158	—	—	130	—
Transfers out	(165)	(165)	(165)	(165)	(165)
Increase in net position	134,389	127,921	139,576	114,111	102,188
Net position, January 1	2,865,602	2,744,044	2,604,468	2,490,357	2,399,833
Impact of restatement	—	(6,363)	—	—	(11,664)
Net position, December 31	\$ 2,999,991	\$ 2,865,602	\$ 2,744,044	\$ 2,604,468	\$ 2,490,357

\* 2017 net position was restated due to the implementation of GASB Statement No. 75. 2014 net position was restated due to the implementation of GASB Statement No. 68.

# SECURITY FOR THE BONDS

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## GENERAL

The Series 2009A, 2009B, 2011, 2015, 2016, and 2016A Bonds are limited, special obligations of the Authority. The County and the Authority have entered into a Lease Agreement (the "Lease") dated November 1, 1985, and subsequently amended by the Amended and Restated Lease Contract in 1997 and supplemented by the Supplemental Lease Contract (the "Supplemental Lease") dated as of October 1, 2004, by which the Authority leased to the County all of its water and sewer facilities (collectively referred to as the "System"). Facilities acquired after November 1, 1985, are part of the System. The Lease is in effect until all revenue bonds are paid in full, but no later than October 1, 2054. The County manages and operates the System under the terms of the Lease and pledges the County's full faith and credit and taxing power as security for the revenue bonds issued by the Authority.

All bonds issued after execution of the Supplemental Lease are expressly junior and subordinates to the pledge of the net revenues with respect to bonds issued prior to that date. Lease payments equal to the debt service of all first and second lien bonds are to be paid directly by the County, on behalf of the Authority, into the Sinking Fund. The revenues of the Authority representing the lease payments from the County, as provided in the lease, have been pledged to the payment of the principal and interest on the Series 2002, 2003, 2005, 2006, 2008, 2009, 2011, and 2015 Bonds and any additional bonds or obligations issued therewith.

The Water and Sewerage Authority issued \$121,375,000 in refunding bonds ("2006 Refunding Bonds") on March 9, 2006. The 2006 Refunding Bonds were issued to: 1) refund the 2002 Bonds in part and 2) pay costs related to the issuance of the Bonds. The 2006 Refunding Bonds were issued at a true interest cost of 4.3846 percent and resulted in net present value savings of \$4.9 million, or 4.176 percent of the refunded par amount.

The Water and Sewerage Authority issued \$235,575,000 in revenue bonds (2009A Revenue Bonds) and \$23,955,000 in economic development Recovery Zone Bonds (2009B Recovery Zone Bonds) on October 22, 2009. The 2009 Bonds were issued to: 1) finance, in whole or in part, the costs of certain improvements and extensions to the water and sewerage system owned by the Authority, 2) refund all of the Series 2004 Bonds, and 3) pay the costs of issuing the Series 2009 Bonds. The 2009A Revenue Bonds were issued at a true interest cost of 3.3471 percent, and the 2009B Recovery Zone Bonds were issued at a true interest cost of 3.0228 percent.

The Water and Sewerage Authority issued \$163,615,000 in refunding bonds ("2011 Refunding Bonds") on July 1, 2011. The 2011 Refunding Bonds were issued to: 1) refund the 2003B Bonds and 2) pay costs related to the issuance of the Bonds. The 2011 Refunding Bonds were issued at a true interest cost of 2.918 percent and resulted in net present value savings of \$9.4 million, or 5.5 percent of the refunded par amount.

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. On August 3, 2015, the Water and Sewerage Authority issued \$127,215,000 in Refunding Bonds ("2015 Refunding Bonds"). The 2015 Refunding Bonds were issued at a true interest cost of 1.74 percent and resulted in a total debt service savings of \$9.8 million and a net present value savings of \$9.2 million, or 7.3 percent of the refunded par amount. The debt service savings began in 2016.

In April 2016, the Gwinnett Water and Sewerage Authority and the Gwinnett County Board of Commissioners approved a resolution to provide for the issuance of Gwinnett County Water and Sewerage Authority Revenue Refunding Bonds, Series 2016A (the "Series 2016A Bonds") pursuant to and in conformity with the terms and conditions of a Trust Indenture dated as of October 1, 2004, between the Authority and the Bank of New York Mellon Trust Company, N.A., as Trustee, as supplemented, to finance, in whole or in part, the cost of acquiring by redemption, payment or otherwise all of the Gwinnett County Water and Sewerage Authority Revenue Bonds, Series 2008 maturing on and after August 1, 2019 and paying expenses necessary to accomplish same. This authorized the execution and delivery of a Supplemental Lease Contract with Gwinnett County, Georgia in connection to provide for the redemption of the Series 2008 Bonds to be refunded.

## REVENUE FUND AND LEASE PAYMENTS

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

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

With respect to second lien bonds issued as variable rate obligations, the debt service requirement is computed at a rate equal to the sum of (a) the lesser of: (i) the average interest rate on such variable rate bonds for the 12 consecutive months preceding the date of calculation, and (ii) the average of the BMA Index for the 12 consecutive months preceding the date of calculation; and (b) any fees associated with any liquidity facility or remarketing agreement related to such bonds.

## ADDITIONAL BONDS

As stated in the Supplemental Lease, the Authority will not issue additional bonds under the first lien debt after October 1, 2004. However, the Supplemental Lease does not restrict the issuance of additional second lien bonds. The following conditions must be met before the issuance of additional bonds:

- (a) None of the outstanding first and second lien bonds are in default as to payment of principal and interest; the Authority remains in compliance with the Lease as supplemented and amended; the County is in compliance with the Lease and has consented in writing to the issuance of such additional bonds.
- (b) All of the payments to the Sinking Fund for both first and second lien bonds are currently being made in full as required.
- (c) A firm of independent certified public accountants shall have certified that based on net revenues for a period of 12 full consecutive calendar months out of 18 consecutive calendar months preceding the month of adoption of the proceedings for the issuance of such additional bonds, the debt service coverage ratio for each full Sinking Fund year subsequent to issuance of the proposed additional bonds shall not be less than 1.10.
- (d) If such proposed additional bonds are issued to finance a capital project, the Authority shall have received a report of the Consulting Engineers setting forth the description of the project and projected future debt service coverage ratios.
- (e) All procedures relating to authorization of additional bonds and subsequent validation proceedings are followed.

# ANNUAL DEBT SERVICE REQUIREMENTS

Debt service requirements on the Water and Sewerage Authority Revenue Bonds, Series 2009A, 2009B, 2011, 2015, 2016, and 2016A are as follows:

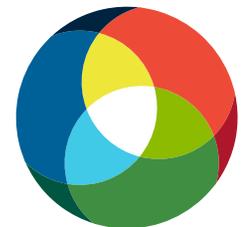
Bond Year Ending December 31	Second Lien					
	Debt Service Requirements 2009A	Debt Service Requirements 2009B	Debt Service Requirements 2011	Debt Service Requirements 2015	Debt Service Requirements 2016	Debt Service Requirements 2016A
2019	17,784,688	1,301,548	18,368,750	8,632,025	11,870,386	15,992,231
2020	17,787,688	1,301,548	18,365,950	8,596,781	11,897,130	15,988,659
2021	17,786,088	1,301,548	18,364,700	8,569,710	11,932,974	15,991,284
2022	17,784,288	1,301,548	18,366,500	8,515,638	11,982,564	15,989,937
2023	17,789,200	1,301,548	18,371,000	—	21,905,428	15,989,619
2024 – 2028	86,228,400	10,507,738	36,732,000	—	43,808,438	79,948,746
2029	—	21,042,548	—	—	—	—
<b>Total</b>	<b>175,160,352</b>	<b>38,058,026</b>	<b>128,568,900</b>	<b>34,314,154</b>	<b>113,396,920</b>	<b>159,900,476</b>

# AUDITED ANNUAL FINANCIAL STATEMENTS

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

## OTHER INFORMATION

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



Gwinnett

The County maintains several online resources to provide residents and businesses with detailed information about Gwinnett's financial operations.

Visit us at [www.gwinnettcountry.com](http://www.gwinnettcountry.com) and click on the *Your Money* button.

[Guide to the Budget](#) 

[Where your property taxes go](#) 

[SPLOST](#) 

[Archive: Financial Reports](#) 

**PREPARED BY:**

Department of Financial Services

**EDITING, LAYOUT AND DESIGN,  
& PHOTOGRAPHS:**

Communications Division

**CREATED:**

Spring 2019

We would like to express our appreciation to department directors and elected officials, Financial Services staff, Communications staff, and staff members in other departments for their exceptional contributions to the preparation of this document.

**Questions about this document?**

Contact the Department of Financial Services  
at 770.822.7850

**Gwinnett**  
COUNTY GOVERNMENT

Gwinnett Justice & Administration Center  
75 Langley Drive | Lawrenceville, Georgia  
[www.gwinnettcountry.com](http://www.gwinnettcountry.com)