GWINNETT COUNTY PUBLIC EMPLOYEES RETIREMENT SYSTEM OPEB HEALTH PLAN (AN OPEB TRUST FUND OF GWINNETT COUNTY, GEORGIA)

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2011

GWINNETT COUNTY PUBLIC EMPLOYEES RETIREMENT SYSTEM
OPEB HEALTH PLAN

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2011

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1 and 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-6
FINANCIAL STATEMENTS	
Statement of Plan Net Assets	7
Statement of Changes in Plan Net Assets	8
Notes to Financial Statements	9-16
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress and Schedule of Employer Contributions	17
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*	18 and 19
SCHEDULE OF FINDINGS AND RESPONSES	20

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

To the Members of the Retirement Plans
Management Committee of the Gwinnett County
Public Employees Retirement System

We have audited the accompanying statement of plan net assets of the **Gwinnett County Public Employees Retirement System OPEB Health Plan** (the "Plan") as of December 31, 2011, and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Gwinnett County Public Employees Retirement System OPEB Health Plan as of December 31, 2011, and the changes in plan net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2012 on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Funding Progress and Schedule of Employer Contributions (on pages 3 through 6 and page 17, 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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
May 14, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2011

Within this section of the Gwinnett County Public Employees Retirement System OPEB Health Plan annual financial report, County management provides a narrative overview and analysis of the financial activities of the Gwinnett County Other Post Employment Benefit (OPEB) Health Plan (the Plan). The financial performance of the Plan is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. The OPEB plan is accounted for in an IRS Section 115 trust fund established to facilitate compliance with GASB Statement 45. It was established effective January 1, 2007 by a resolution of the Gwinnett County Board of Commissioners (the BoC).

Financial Highlights

- Plan net assets reported in the financial statements are $68,117,000 as of the fiscal year ended December 31, 2011.

- The fair value of plan investments at December 31, 2011 was $60,830,000.

- The plan's annual required contribution (ARC) for the plan year beginning January 1, 2011 was $16,254,977.

Basic Financial Statements

Management's Discussion and Analysis introduces the basic financial statements for the Plan. The basic financial statements include: (1) statement of plan net assets, (2) statement of changes in plan net assets, and (3) notes to the financial statements. This report also includes required additional information to supplement the basic financial statements.

The first of these basic financial statements is the *Statement of Plan Net Assets*. This statement presents information that includes plan assets and liabilities, with the difference reported as *net assets held in trust for OPEB benefits.* Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Plan as a whole is improving or deteriorating.

The second plan statement is the *Statement of Changes in Plan Net Assets*, which reports how the plan net assets changed during the current fiscal year. All current year revenue and expenses are included regardless of when cash is received or paid. Realized gains and losses on investment sales and unrealized gains and losses due to market value appreciation or depreciation are included as investment income of the plan.

The Plan's assets are held in trust funds of the BoC, which fall under the category of fiduciary funds. Resources of those funds are not available to support County programs but are held in trust to pay benefits and associated costs to and on behalf of eligible participants. The accounting used for fiduciary funds is much like that used for proprietary funds.

Financial Analysis

As shown in the Summary of Net Assets below, the net assets held in trust for OPEB benefits were $68,117,000.

The table below provides a summary of net assets (in thousands):

Summary of Net Assets

	December 31, 2011	December 31, 2010	December 31, 2009
Current and Other Assets	$ 19,726	$ 15,286	$ 3,843
Investments	60,830	42,845	27,356
Total Assets	80,556	58,131	31,199
Current Liabilities	12,439	6,769	3,064
Net Assets	$ 68,117	$ 51,362	$ 28,135

Employer contributions of $24,313,000 were made to the Plan, which include contributions in excess of the required contribution of $7.9 million. OPEB employer contributions include amounts needed to pay OPEB claims and costs, as well as budgeted contributions in support of the annual required contribution goal.

The Plan's benefit payments and insurance premiums for 2011 totaled $12,297,000.

The table below provides a summary of changes in net assets (in thousands):

Summary of Changes in Net Assets

	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
Additions:			
Net Investment Income	$ 512	$ 5,104	$ 4,305
Contributions:			
Employer	24,313	26,840	16,521
Employee	4,684	4,074	3,031
Total Additions	29,509	36,018	23,857
Deductions:			
Benefit Payments	7,600	9,624	12,309
Insurance Premiums	4,697	2,419	
Administrative Expenses	457	748	1,201
Total Deductions	12,754	12,791	13,510
Net Increase	16,755	23,227	10,347
Net Assets, January 1	51,362	28,135	17,788
Net Assets, December 31	$ 68,117	$ 51,362	$ 28,135

The Plan's gross return on investments for 2011 was 2.0%. The return, net of investment expenses, was 1.6%. The overall plan benchmark rate for 2011 was 1.6%. The chart below reflects how the Plan's investments performed compared to their benchmarks in each major category, and the target and actual year-end asset allocations for each category.

Financial Market Performance Summary
(Annual Gross Rate of Return % for 2011)

			Asset Allocation	
Benchmark Index	Index %	Gwinnett %	Target %	Year-end %
Russell 1000 Value	0.4	4.4	12.5	12.5
Russell 1000 Growth	2.6	(2.7)	12.5	12.1
Russell Mid Cap	(1.6)	(4.8)	7.5	7.5
Russell 2000	(4.2)	10.2	7.5	8.3
International Equity Blend	(13.7)	(11.7)	15.0	13.3
BarCap (Lehman) Aggregate	7.8	7.3	40.0	40.5
NAREIT	8.3	9.5	5.0	4.6
Cash (3 mo. T-Bill Index)	0.1	0.3	0.0	1.2
Total Plan Benchmark	1.6	2.0	100.0	100.0

Contacting the Plans' Financial Management

This financial report is designed to provide a general overview of the plans' finances, comply with finance-related laws and regulations, and demonstrate commitment to public accountability. If you have questions about this report or would like to request additional information, contact Maria Woods, Director of Financial Services, Gwinnett County Department of Financial Services, 75 Langley Drive, Lawrenceville, Georgia 30046.

GWINNETT COUNTY PUBLIC EMPLOYEES RETIREMENT SYSTEM
OPEB HEALTH PLAN

STATEMENT OF PLAN NET ASSETS
DECEMBER 31, 2011

(In Thousands of Dollars)

Assets	
Cash and cash equivalents	$ 1,030
Investments at fair value:	
US governmental treasuries	9,986
Asset backed securities	81
US governmental agencies	4,964
Commercial mortgage backed securities	1,586
Future contracts	(47)
Corporate bonds	5,746
Collateralized mortgage obligations	979
Corporate equities	24,891
Taxable municipal bonds	1,315
International equities	7,961
Mutual funds invested in equities	3,368
Total investments	60,830
Securities lending collateral investment pool	10,714
Contributions receivable from employer	7,982
Total assets	80,556
Liabilities:	
Accounts payable	1,725
Liability for securities lending agreement	10,714
Total liabilities	12,439
Net assets held in trust for other postretirement employee benefits	$ 68,117

See Notes to Financial Statements.

GWINNETT COUNTY PUBLIC EMPLOYEES RETIREMENT SYSTEM
OPEB HEALTH PLAN

STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011

(In Thousands of Dollars)

Additions		
Contributions:		
Employer	$	24,313
Employee		4,684
Total contributions		28,997
Investment income:		
Investment income (loss)		(721)
Securities lending income		11
Interest and dividends		1,482
		772
Less - investment expense		(258)
securities lending expense		(2)
Net investment income		512
Total additions		29,509
Deductions		
Benefits paid		7,600
Insurance premiums		4,697
Administrative expenses		457
Total deductions		12,754
Net increase		16,755
Net assets held in trust for OPEB benefits		
Beginning of year		51,362
End of year	$	68,117

See Notes to Financial Statements.

NOTE 1. DESCRIPTION OF THE PLAN

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

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

Contributions
Gwinnett County in 2011 contributed an actuarially determined amount to the Plan's trust. The annual required contribution amount is determined using actuarial methods and assumptions approved by the Retirement Plans Management Committee. It is intended to satisfy the minimum contribution requirements as set forth in GASB Statement 45.

Retirement Options/Benefit Provisions
Eligible retirees and former employees are offered the same health and prescription drug coverage as active employees. Retirees pay approximately 32.6% 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% of the cost of vision and dental coverage.

NOTE 1. DESCRIPTION OF THE PLAN (CONTINUED)

Eligibility
Eligible participants for Other Post-Employment Benefits include:

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

Fund Membership
The following schedule (derived from the most recent actuarial valuation report) reflects membership for the Plan as of January 1, 2012.

Active participants	4,405
Retirees and beneficiaries	1,789
Total	6,194

NOTE 2. 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 liquid money market investments to be cash equivalents.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Valuation of Investments

Investments are recorded at fair value based on quoted market prices. 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 net assets date. Investment income is recognized on the accrual basis as earned by the Plan.

Payment of Benefits

Benefits to retired participants are recorded when paid 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.

NOTE 3. DEPOSITS AND INVESTMENTS

The Plan is 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 in certificates of deposit of national or state banks that are fully insured or collateralized by United States obligations. Additionally, the Plan is authorized to invest in common stocks, money market instruments, and corporate bonds and debentures, which are not in default as to principal and interest.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

As of December 31, 2011, the Plan had $60,830,000 invested in the following types of investments (dollars in thousands) as categorized by credit risk:

Investment		Fair Value	Credit Quality
U.S. Treasury notes and bonds	$	9,986	---
United States Government agency bonds		4,964	---
Asset Backed Securities		81	AAA
Commercial Mortgage Backed Securities		1,012	AAA
Commercial Mortgage Backed Securities		98	AA
Commercial Mortgage Backed Securities		26	A
Commercial Mortgage Backed Securities		43	BAA
Commercial Mortgage Backed Securities		407	Not rated
Futures Contracts		(47)	Not rated
Corporate bonds		746	AA
Corporate bonds		2,021	A
Corporate bonds		2,849	BAA
Corporate bonds		130	Not rated
Collateralized mortgage obligations		153	AAA
Collateralized mortgage obligations		826	Not rated
Taxable Municipal Bonds		1,315	Not rated
Corporate equities		24,891	---
International equities		7,961	---
Mutual funds invested in equities		3,368	---
Total	$	60,830	

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk – It is the Plan's policy to limit investments in common or preferred stock of a corporation to those corporations listed on one or more of the recognized national stock exchanges in the United States of America, or those traded on the NASDAQ National Market. The policy also limits stock investments to not more than five (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, 2011, the Plan did not have debt or equity investments in any one organization, other than those issued by the U.S. Government, which represented greater than 5% of plan net assets.

Interest Rate Risk – As of December 31, 2011, the Plan had $60,830,000 invested in the following types of investments (dollars in thousands) as categorized by interest rate risk:

Investment	Fair Value	Weighted Average Maturity (Years)
U.S. Treasury notes and bonds	$ 9,986	8.42
United States Government agency bonds	4,964	27.5
Asset backed securities	81	5.29
Commercial mortgage backed securities	1,586	31.82
Collateralized mortgage obligations	979	16.41
Futures contracts	(47)	0.25
Corporate bonds	5,746	10.33
Taxable municipal bonds	1,315	9.44
Corporate equities	24,891	---
International equities	7,961	---
Mutual funds invested in equities	3,368	---
Total	$ 60,830	

The Plan investment policy adopts the following asset mix to achieve the lowest level of risk for the plan: Equity Securities between 50% and 70% at market value, and Fixed Income Securities between 30% and 50%. Fixed income securities are indexed to Barclays Capital U.S. Aggregate. As of December 31, 2011, the Fixed Income Assets had an effective duration of 4.47 years compared to the Barclays Capital U.S. Aggregate of 4.40 years. The weighted average yield to maturity of the portfolio was 2.17% compared to the Barclays Aggregate of 1.86%. Corporate equities, international equities, and mutual funds invested in equities are also not classified by interest rate risk.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Foreign Currency Risk – At December 31, 2011, $7,961,000 or 13% of Retirement Plans Assets had exposure of foreign currency risk through investments in foreign companies. The international equities by related currency are as follows:

Investment		Amount
British Pound	$	4,198
Canadian Dollar		805
Australian Dollar		307
U.S. Dollars invested in a mutual fund with only international equity holdings		2,651
Total	$	7,961

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Plan may not be able to recover its deposits.

Derivative Instruments - The Plan has invested in several futures contracts which qualify as derivative financial instruments. The futures contracts are considered investment derivative instruments.

These futures contracts are exchange-traded securities to buy or sell United States Treasuries at a future date (March 2012 in the case of these contracts) for a specific price. These futures contracts obligate the Plan to purchase United States Treasury Notes with a notional amount of $8,051,000 on the maturity date in March 2012 while the Plan also has futures contracts obligating it to sell United States Treasury Notes with a notional amount of $5,801,000 on the maturity date in March 2012. These contracts had no significant value when entered into during 2011 and the change in the fair value is a decrease of $47,000 resulting in a net fair value balance of these contracts at December 31, 2011 of a negative $47,000.

The fair value of the futures contracts were estimated using market rates as of year end for similarly traded contracts and, in order to limit credit risk, these contracts were entered into with national financial institutions with high credit quality. Interest rate risk is minimized due to the relatively short maturity date of these contracts as they mature in March 2012.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Securities Lending. State statutes and management committee policies permit the Plan 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 Plan's custodians lend securities of the type on loan at year-end for collateral in the form of cash or other securities of 102%. The cash collateral is available to the Plan for investment without default.

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

There were no borrower or lending agent default losses and no recoveries of prior period losses during the year. There are no income distributions owing on the securities loaned. The Plan 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. FUNDED STATUS

As of the most recent valuation date, January 1, 2012, the funded status of the Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/12	$ 68,117,159	$ 155,736,605	$ 87,619,446	43.7%	$ 211,635,669	41.4%

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

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2012. The assumptions used in the January 1, 2012 actuarial valuation are as follows.

Actuarial Assumptions

Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Market value
Assumed Rate of Return On Investments	7.0% (includes inflation of 3.0%)
Healthcare Cost Trend Rate	10.5% (includes inflation of 3.0%)
Ultimate Healthcare Trend Rate	5.0%
Year of Ultimate Trend Rate	2019
Amortization Method	Level Percent of Pay (open)
Remaining Amortization Period	30 years

REQUIRED SUPPLEMENTARY INFORMATION

GWINNETT COUNTY PUBLIC EMPLOYEES RETIREMENT SYSTEM
OPEB HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/12	$ 68,117,159	$ 155,736,605	$ 87,619,446	43.7%	$ 211,635,669	41.4%
1/1/11	51,362,000	194,311,443	142,949,441	26.4%	219,527,027	65.1%
1/1/10	28,135,000	200,041,182	171,906,182	14.1%	212,204,480	81.0%
1/1/09	17,788,000	166,921,678	149,133,678	10.7%	225,464,722	66.1%
1/1/08	16,646,440	159,202,073	142,555,633	10.5%	213,050,370	66.9%
1/1/07	-	163,210,867	163,210,867	0.0%	190,896,913	85.5%

Schedule of Employer Contributions

Plan Year	Annual Required Contribution (Employer)	Percentage Contributed
2011	$ 16,254,977	149.6%
2010	15,219,288	176.4%
2009	14,331,611	115.3%
2008	15,305,080	95.2%
2007	15,305,080	141.9%

Due to the creation of the Plan effective January 1, 2007, only information for plan years 2007, 2008, 2009, 2010 and 2011 are presented. As history is accumulated, multi-year information will be presented in these schedules. Actuarial assumptions used in the calculation of above amounts are disclosed in the notes to the financial statements.

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

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*

**To the Members of the Retirement Plans
Management Committee of the Gwinnett County
Public Employees Retirement System**

We have audited the statement of plan net assets of the **Gwinnett County Public Employees Retirement System OPEB Health Plan** (the "Plan") as of December 31, 2011, and the related statement of changes in plan net assets for the year then ended and have issued our report thereon dated May 14, 2012. 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.

Internal Control over Financial Reporting

Management of the Plan is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Plan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

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

We noted certain matters that we reported to management of the Plan in a separate letter dated May 14, 2012.

This report is intended solely for the information and use of the members of the Retirement Plan's Management Committee, the County Board of Commissioners, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Atlanta, Georgia
May 14, 2012

GWINNETT COUNTY PUBLIC EMPLOYEES RETIREMENT SYSTEM
OPEB HEALTH PLAN

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2011

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	___ yes __X_ no
Significant deficiencies identified not considered to be material weaknesses?	___ yes __X_ none reported
Noncompliance material to financial statements noted?	___ yes __X_ no

Federal Awards

There was not an audit of major federal award programs as of December 31, 2011 due to the total amount expended being less than $500,000.