



Gwinnett

2017

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

YEAR ENDED DECEMBER 31, 2017

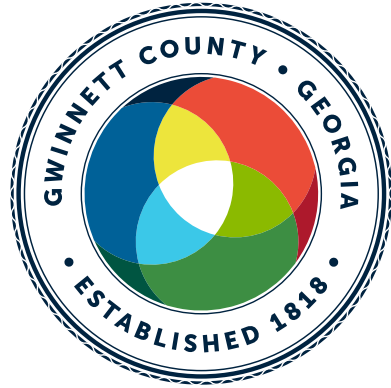
**GWINNETT COUNTY
GEORGIA**



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GWINNETT COUNTY, GEORGIA





2017

COMPREHENSIVE ANNUAL
FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2017

Prepared by: Department of Financial Services and the Communications Division

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INTRODUCTORY SECTION

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





June 12, 2018

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, 2017.

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, 2017, 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 – 37 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. Throughout the budget planning process, the following were identified as major focus areas affecting the 2017 budget: 1) public safety and the judicial system; 2) community needs; 3) workforce retention and recruitment; and 4) capital investments in transportation, water resources, parks and recreation, and senior services. The 2017 budget included new positions in the public safety and judicial areas, along with additional staff to improve traffic management, expand senior homemaking services, and enhance community outreach efforts. Workforce retention measures including a 4 percent pay-for-performance increase, the continuation of longevity pay, and revamped pay for public safety officers were also budgeted. The 2017 budget included capital investments in the courthouse expansion, park openings and expansions, senior center renovations, and major infrastructure such as the water and sewer system and transportation.

The 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 2018 Budget Document (pages II:60 – II:61), which is available online at www.gwinnettbudget.com. Also see [Note 1 \(O. Fund Balance\)](#) on page 63 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 2017. The County's policy of holding vacant positions unfilled for at least 90 days had a \$5.5 million positive impact on the financial statements in this document. Long-range planning, advisory panels, and citizen participation have helped Gwinnett meet the economic challenges of the past and made our county a premier place to live, work, and play. A history of fiscal responsibility and the ability to look ahead at future implications of today's decisions have enabled Gwinnett County to maintain high levels of service despite economic uncertainty. As the financial outlook improves, we can look forward to a prosperous future shaped, directed, and guided by our mission, vision, and values.



PROFILE OF THE GOVERNMENT

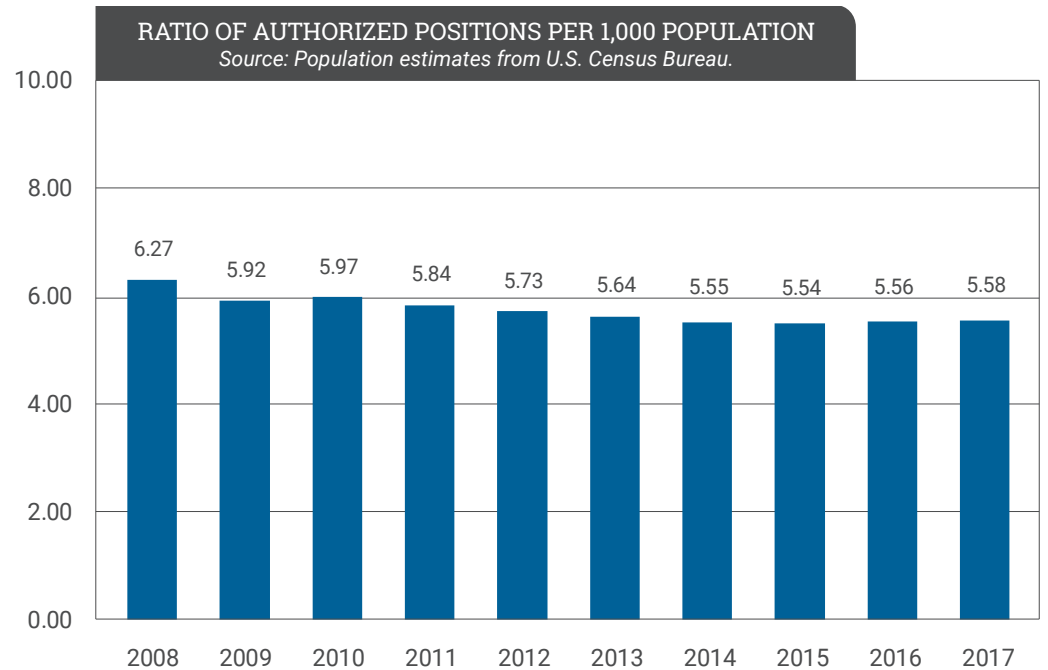
Gwinnett County is a world class residential, business, and tourist destination that was named for Button Gwinnett, one of Georgia's three signers of the Declaration of Independence. The Georgia legislature created Gwinnett County on December 15, 1818.

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 Woods & Poole, Gwinnett County's population is estimated at more than 950,000 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 13,159 residents from July 1, 2016 to July 1, 2017, a growth rate of approximately 1.5 percent. According to estimates by Woods & Poole, the County's population is expected to reach one million by the year 2021.

Gwinnett County faces an ever present challenge of maintaining service levels with fewer employees as a ratio to 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 2008 – 2017, the county's population grew approximately 18 percent while authorized positions increased by less than 5 percent. From 2015 to 2016 with the addition of approximately 100 positions, the ratio of authorized positions per 1,000 population increased slightly for the first time since 2010. An additional 95 new positions were added in 2017, resulting in another slight increase in this ratio.



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 four 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; and 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. Gwinnett is in an elite group of approximately four dozen counties in the United States with this prestigious bond 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

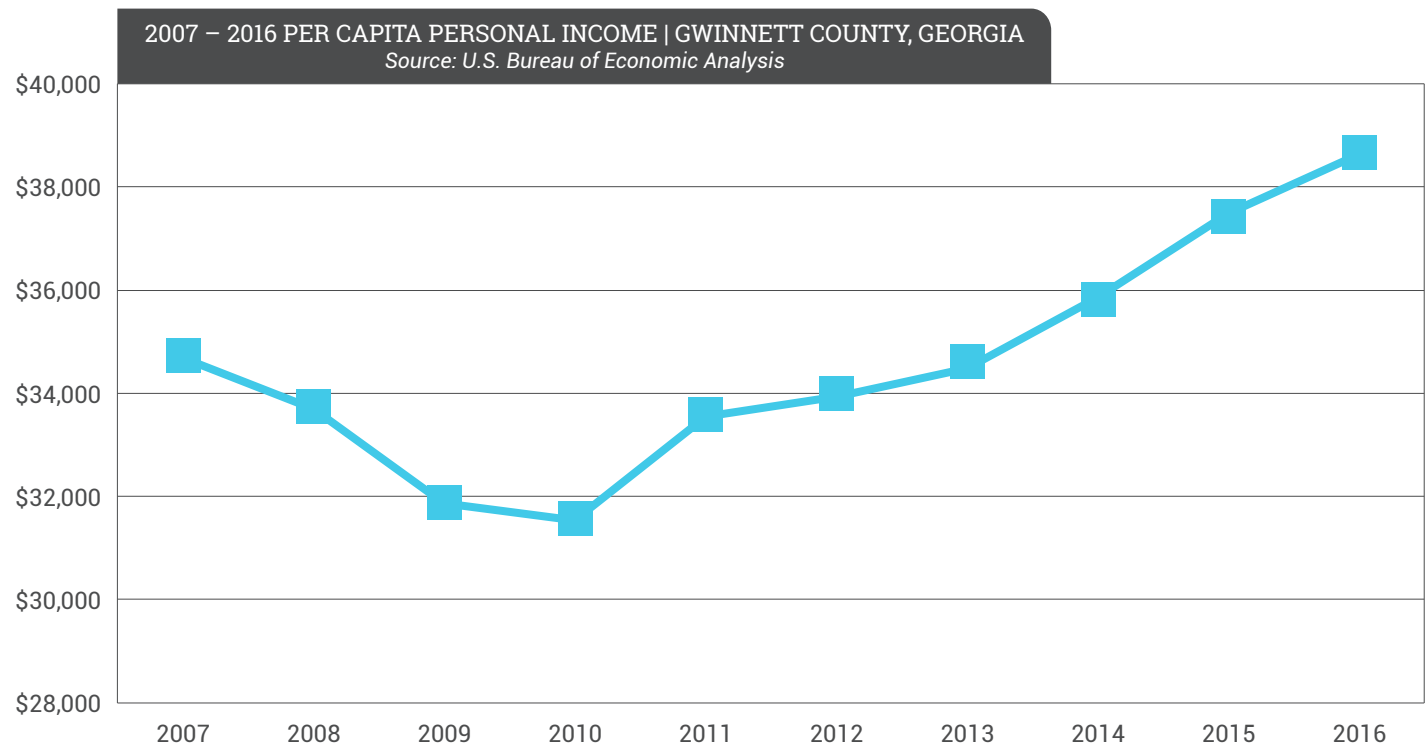
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

Local Economy

Gwinnett County offers a robust local economy characterized by an improving real estate market, increasing construction activity, and a growing job market. The current economic landscape offers promising opportunities for economic development as well as 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 4.2 percent in 2017, which was lower than both the Atlanta Metropolitan area (4.5 percent) and the state (4.7 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 U.S. Bureau of Labor Statistics, Gwinnett County achieved a job growth rate of 1.7 percent from June 2016 to June 2017. 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 2017, Partnership Gwinnett won 16 projects resulting in 2,312 new jobs. The county's growing tourism industry has also had a significant impact, creating more than 12,000 jobs and providing more than \$1.2 billion in economic impact in 2016, according to the Georgia Department of Economic Development.

Per capita personal income, a measure of standard of living, is another useful indicator of the County's economic well-being. From 2007 to 2010, residents saw their incomes decline. In 2011, per capita personal income began to improve, and this upward trend has continued. According to the Bureau of Labor Statistics, Gwinnett County had a per capital personal income of \$38,638 in 2016, an increase of 3.1 percent from 2015.



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

1. Ensure the County can maintain financial sustainability
2. Ensure the County has sufficient long-term information to guide financial decisions
3. Ensure the County has sufficient resources to provide programs and services for the stakeholders
4. Ensure potential risks to ongoing operations are identified in the long-term financial planning process and communicated on a regular basis
5. Establish mechanisms to identify early warning indicators
6. Identify changes in expenditure or revenue structures needed to deliver services or to meet the goals adopted by the Board of Commissioners

The LTFP forecasts revenues, expenditures, and financial position at least five years into the future or longer where specific issues call for a longer time horizon. 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, the County has developed other long-term planning tools to help meet its vision. Some of these tools include:

- 2030 Unified Plan
- Comprehensive Transportation Plan
- Comprehensive Transit Development Plan
- Comprehensive Parks and Recreation Master Plan
- Open Space and Greenways Master Plan
- Solid Waste Management Plan
- Water and Wastewater Master Plan



The Board of Commissioners adopted the [2030 Unified Plan](#) in February 2009. This plan is guiding the County's land use policies, growth, and infrastructure development through the 2030 plan horizon, and is an innovative roadmap for smart growth in Gwinnett.

The state of Georgia mandates that a Unified Plan be re-written every 10 years. The Department of Planning and Development officially began work on the 2040 Unified Plan, known as the Unified Plan document, on December 19, 2017. The purpose of the Unified Plan is to provide an all-encompassing blueprint of how the county will develop. Residents and other stakeholders will have a chance to provide input on how they want to see the county grow and develop over the next 20-plus years. This document will attempt to address people's needs, opportunities, goals, and vision; transportation, housing, and economic development; natural and cultural resources; and community facilities and capital improvements for Gwinnett County.

The Board of Commissioners held the first of two required public hearings on Tuesday, December 19, 2017. This was the public's first opportunity to learn more about the Unified Plan's content and voice any concerns or issues. In order to ensure that all residents have ample opportunities to provide input to the 2040 Plan, the department will conduct a series of public information hearings in January, February, May, and August 2018. A meeting will be held in each of the county's four commission districts. In addition, more meetings will be held at County offices in Lawrenceville.

The [Comprehensive Transportation Plan](#) (CTP), a component of the 2030 Unified Plan, informs Gwinnett County officials and its residents on the subject of future transportation needs, projects that address those needs, and the advantages, costs, and potential funding sources for those projects. The CTP is paired with the Unified Plan's Comprehensive Land Use Planning element. Together, these two documents define the long-term comprehensive vision for growth of the County and a plan for investment in the County's transportation system and other supporting infrastructure. The previous CTP was developed in 2007 – 2008. An update to the CTP was initiated in 2015 and completed in 2017.

Also in 2017, the County began preparing a **Comprehensive Transit Development Plan**. This plan will rely upon extensive public outreach and data analysis to identify potential new markets and underserved areas as well as forecast growth corridors. Future transit service enhancements will be based on the recommendations of the plan. It is expected that the recommendations will consider a multi-modal approach building off the current local, commuter, and paratransit system.

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 950,000 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](#) provides a roadmap for addressing these issues. Gaps in service levels are identified, solutions are suggested, and costs for construction and operations are estimated. The plan incorporates numerous factors including population growth, cultural diversity, leisure trends, service delivery, budgetary constraints, and resident input.

Keeping Gwinnett a preferred place to live includes making it easier for people to walk, run, and bike through their neighborhoods and to and from attractions such as local parks, schools, churches, and neighborhood shopping. Walking consistently ranks as the most popular recreational activity for Gwinnett's residents and is one of the healthiest activities. The [Open Space and Greenways Master Plan](#) comprehensively explores open space acquisition, the development of a county greenway system, as well as administrative, management, and funding analysis. In conjunction with the greenway master plan, a countywide trails master plan is being developed to ensure the connectivity of city and county trails to each other for a countywide map of existing and future trails. These plans will be used as guides to increase biking and walking options as well as recreational opportunities.

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.

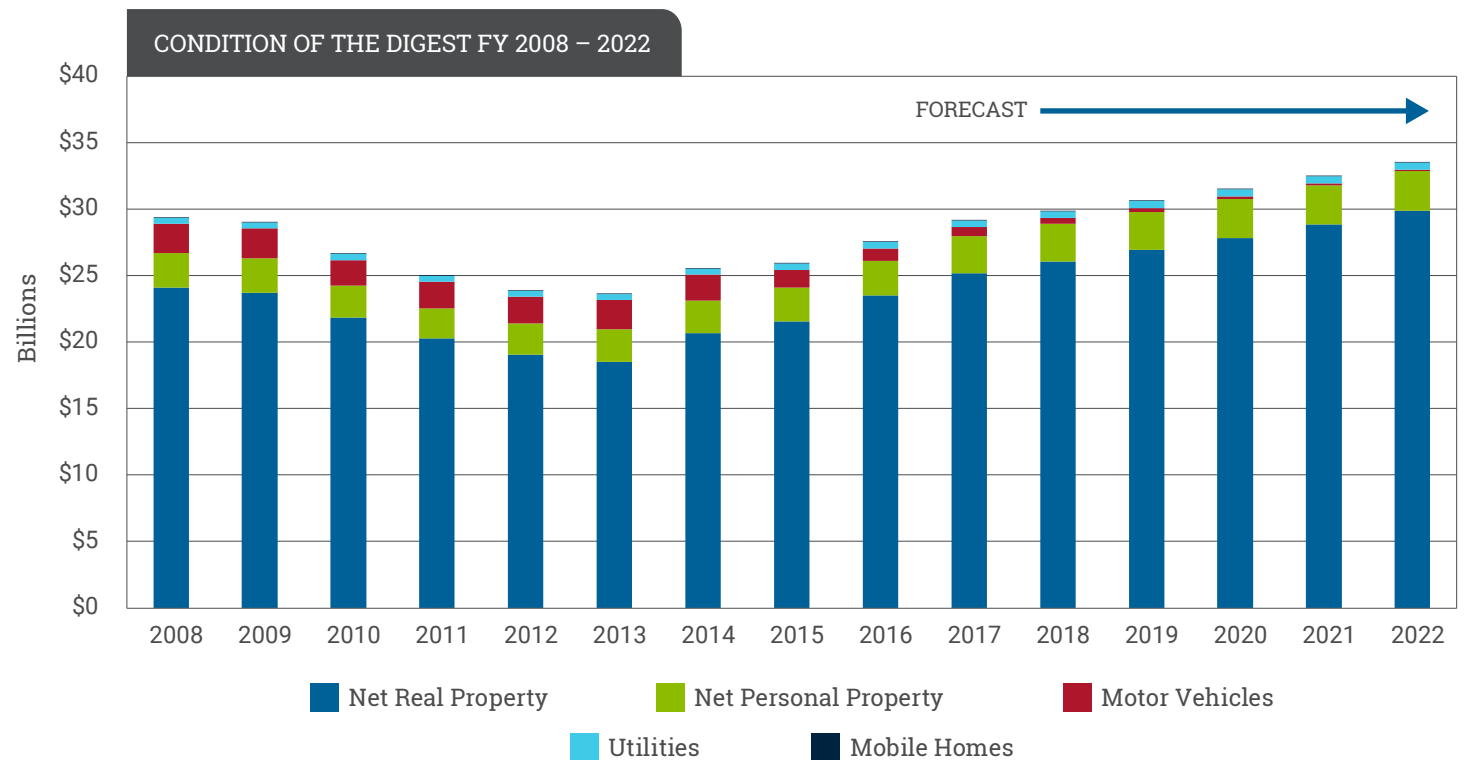
The Gwinnett County **Water and Wastewater Master Plan**, adopted in 2012, was the first major County plan to be completed that is fully aligned with the 2030 Unified Plan. This plan was jointly developed by the Department of Planning and Development and the Department of Water Resources, along with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

Property Taxes and the Condition of the Tax Digest

Property taxes are an extremely important revenue source for the County. More than one-third (34.8 percent) of the total revenue for all operating funds and nearly three-quarters (72.1 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 down voter-approved debt for the detention center and for service districts such as police, fire, and emergency medical services.

Prior to 2008, Gwinnett County experienced the benefits of a growing property tax digest, which is the total value of all taxable property as determined by the Tax Assessor. The property tax digest and its condition continued to show increases year after year. But, in 2008 the growth began to decline and between 2008 and 2013, the County saw more than a 20 percent drop in the property tax digest. After five years of decline, the year-over-year change from 2013 to 2014 was positive. This positive trend has continued, and in 2017 the net real property tax digest returned to its 2008 level. In 2017, the millage rate was set at 13.51 mills, which reflected a modest increase of 0.334 mills from the 2016 total millage rate of 13.176 mills.

Since the inception of title *ad valorem* taxes (TAVT) in the spring 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 2016 to 2017, there was a decrease of \$2.9 million, or 27.5 percent, in this revenue. 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 well-being and health of its employees. As the cost of health care continues to rise, the County has shifted its focus to a more preventative approach to health care, encouraging employees to take an active role in their health through participation in wellness programs. With the addition of Asset Health as the County's wellness provider in 2014, educational programs, biometric screenings, health assessments, wellness coaches, and an onsite wellness advocate help employees understand their health risks and encourage healthy, balanced lifestyles.

The Wellness Incentive Program continues to benefit employees and provides a way for the County to encourage healthy habits. The most favorable medical insurance premium rates continue to be dependent on participation in the Wellness Program. Funding for Health Savings Accounts and Health Reimbursement Arrangements are based on Wellness Program activity participation and continue to be effective for encouraging healthy behavior. In 2017, more than 87 percent of eligible employees participated in the Wellness Program. Beginning with the 2017 Wellness Year, which ran from November 21, 2016 to November 18, 2017, spouses were also included in the program.

Gwinnett County continues to monitor the effectiveness of its health plans and funding structures. With changing regulations, we will need to be proactive to manage the plans and provide quality healthcare to employees and retirees. Our strategy of defined contribution and 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. This strategy also provides 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 addition of an employee wellness center, which opened in the second quarter of 2015, is another step the County has taken to help control costs from both the self-insured and fully-insured plans. During 2017, more than 6,050 employees, retirees, and dependents visited the Wellness Center.

The County's costs continue to increase, as do health care costs for most employers nationwide. Employee and employer costs increased by 13 percent for the 2018 renewals, an increase that is higher than the national average. While costs increased for 2018, the County implemented several plan changes to help control costs. These changes include ensuring covered participants are eligible for the plan, several plan provision changes, and reducing the County's subsidy for dependents. The short-term cost reduction for these changes was small, but the longer term effects for changing the trend curve are significant.

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 Energy Code Enforcement Policy, Community Outdoor Lighting Efficiency Policy, Community Revitalization Policy, Community Shade Coverage Requirements Policy, and the Community Smart Growth Policy. For more information about these policies, see the [Environmental Sustainability](#) page on the County's website.

In 2014, 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 2017 include:

- Producing enough electricity from waste biogas at water resources facilities to power 722 homes for a year
- Traveling to schools throughout the County teaching 10,000 students the importance of water conservation through the Water on Wheels program
- Collecting 62 tons of paper, 20 tons of electronics, 15 tons of tires, 3,676 gallons of paint, 242 pairs of sneakers, 1,726 pounds of textiles, and 581 toner cartridges at two countywide recycling events
- Saving 12 million gallons of water by replacing 1,700 inefficient toilets through the toilet rebate program
- Recycling 12.2 percent of residential solid waste collections curbside

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 policies listed above is available on the County's website in the [2018 Budget Document](#) (pages II: 34 – 61).

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

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 offers an economy that boasts strong job growth and plentiful business opportunities. The County caters to domestic and international businesses of all sizes and works to promote the industries of advanced communications, information technology, manufacturing/supply chain management, healthcare and life sciences, and corporate headquarters/professional services. 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.

On January 12, 2017, Kaiser Permanente held its grand opening for a new 185,000 square-foot center located near Duluth on Steve Reynolds Boulevard. The facility has the potential to create 800 new jobs by 2020 and serve 10 million customers across eight states. Kaiser Permanente invested almost \$51 million in renovations with the expectation of tapping into Gwinnett's skilled workforce, solid infrastructure, and quality of life amenities.

Gwinnett is home to nearly 900 manufacturing and logistics firms. The county, with its bright workforce, can accommodate these companies as they look for employees with both soft skills and technical skills. In addition, Gwinnett is a major distribution center for a large number of imports and exports. For example, Aluvision, Inc., a leading Belgium manufacturer of modular aluminum exhibit systems, chose Gwinnett as the site for its first U.S. location. 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. It should be noted that Carcoustics will be joining almost 100 other German companies that operate in the county.

Tourism is a growing industry in Gwinnett. Occupancy at the more than 100 hotels located in the county was at 71.5 percent for 2017. With convenient locations and a wide array of accommodations, visitors can find easy access to shopping, dining, sporting events, and meeting/convention services at the county's bundle of hotels. Explore Gwinnett, the county's official travel office, is focused on keeping tourism spending above \$1 billion. It is no surprise that the Gwinnett Tourism Education Program was cited as the "Best Hospitality Marketing Program" in Georgia by the governor, Nathan Deal.

"Safe neighborhoods"

The Gwinnett County Police Department (GCPD) has an authorized strength of 848 sworn officers supported by 280 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 2017, GCPD responded to 512,429 incidents and reached a homicide clearance rate of 96 percent which beats the national average of 59.4 percent. Thanks to the commitment of GCPD, 96 percent of residents surveyed reported feeling safe in their neighborhoods in 2017.

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.

"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 50 parks and facilities that include 182 sports fields, 59 tennis courts, 41 outdoor basketball courts, 24 sand volleyball courts, five year-round and seven seasonal aquatic facilities, 10 dog park areas, 135 miles of trails, eight skate complexes, 75 playgrounds, picnic areas, pavilions, fishing lakes, and more. In 2017, GCPR offered 7,967 classes, summer camps, and special events with 70,868 participants enrolled in recreation activities.

Gwinnett County continues to place a high priority on greenspace, as well as active and passive parkland. As of 2017, Gwinnett parkland totaled 9,875 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. Gwinnett County Health and Human Services partners with the community to provide and connect service opportunities that help improve the health and well-being of a growing and diverse community. The division offers educational resources through a variety of classes, events, and workshops at its service centers and senior centers. Health and Human Services served 557,000 residents in 2017. Some of Health and Human Services' achievements in 2017 include:

- Partnering on a Boy Scout Eagle Scout project to put flag collection boxes at each OneStop Center. The sites have collected 100 flags since August 2017, and the story received national attention
- Holding the first Kinship Summit and Resource Fair in collaboration with Georgia Department of Family and Children's Services
- Expanding the Holiday Gift Project from 700 to 1,200 bags delivered to seniors in need

The Department of Transportation continues to improve residents' quality of life through 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 six local bus routes all day Monday through Saturday. The express routes allow transit customers to park their cars at County Park and Ride lots and take transit to destinations in downtown and midtown Atlanta and the Emory/CDC area. The local routes are complemented by door-to-door Americans with Disabilities Act (ADA) paratransit service for ADA-eligible customers unable to use the local bus. The transit system is operated using 43 express coaches, 32 local buses, and 7 paratransit vehicles. In 2017, the transit system transported over 1.4 million riders on express, local buses, and paratransit.



“Partnering with Others in our Community”

Gwinnett County established and maintained numerous community partnerships in 2017, a few of which are described below:

- The Department of Community Services partnered with 1,603 public/private organizations and businesses that allow divisions the opportunity to enhance or provide funding for programs/services.
- Community Services’ Outreach program, Volunteer Gwinnett, partnered with organizations such as the Junior Achievement Discovery Center-Gwinnett and the Gwinnett Coalition for Health and Human Services to offer employees community engagement opportunities such as monthly Gwinnett County Volunteer Days and Employee Volunteer Projects during the annual Gwinnett Great Days of Service.
- The County partnered with community organizations to promote Gwinnett Clean and Beautiful initiatives and provide volunteer opportunities.
- Gwinnett County engaged 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. More than 50 residents graduated from Gwinnett 101 in 2017 (including both the fall and spring sessions).


AWARDS AND ACKNOWLEDGEMENTS

Gwinnett County received numerous awards in 2017. The list below includes only a handful of awards won in 2017. A complete list can be found at www.gwinnettcounty.com.

- *Lifeline® EMS Gold Level Recognition Award* from the American Heart Association
- *Two Government Video Programming Awards* from the National Association of Telecommunications Officers and Advisors
- *Project Excellence Award* from the Digital Counties Survey
- *Achievement Awards* from the National Association of Counties for Live Healthy Gwinnett Internship Program, Parks Amenity Search, and Community Outreach
- *Innovative Community Health Provider Award* from Georgia Shape
- *Most Influential in Health and Wellness Award* from the National After School Association
- *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 Agency Accreditation Award* from The Institute for Public Procurement
- *Water Production Plant of the Year Award* from the Georgia Association of Water Professionals
- *Wastewater Treatment Plant of the Year: F. Wayne Hill Water Reclamation Center*
- *Chamber Valor Awards: Medal of Valor*, highest honor for bravery and heroism; *Public Safety Person of the Year*; *Medal of Merit*; and *Public Safety Unit of the Year*
- *American Public Works Association Structures Project of the Year Award* for the Lilburn City Hall and Gwinnett Public Library Lilburn Branch

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.

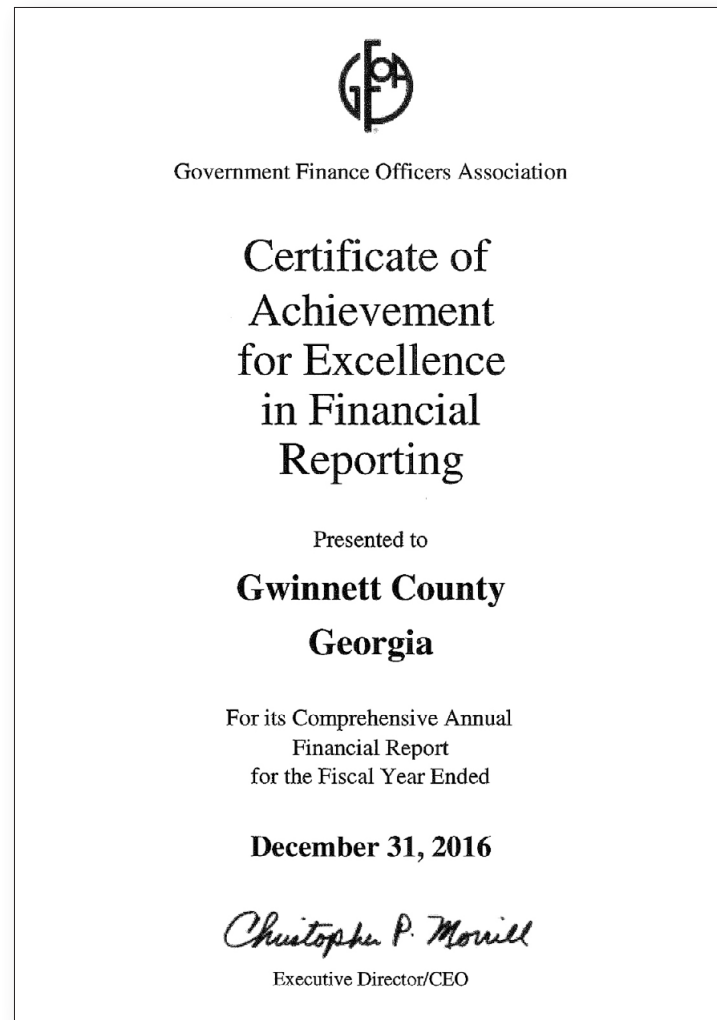
Respectfully submitted,



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

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

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, 2016.



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

Gwinnett County Residents

Board of Commissioners

Other Elected Officials

Judicial System

Sheriff

Tax Commissioner

Courts

Prosecuting Offices

Other Boards and Authorities

Clerks of Court

Law Department

County Clerk

Internal Audit

County Administrator

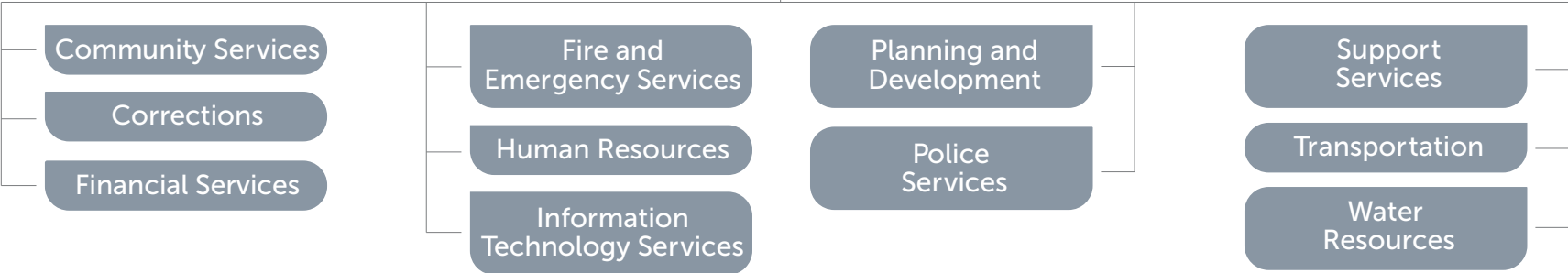
Deputy County Administrator

Clean & Beautiful

Communications

Community Outreach

Economic Development



COUNTY ADMINISTRATION & DEPARTMENT DIRECTORS

County Administrator

Glenn P. Stephens

Deputy County Administrator

Phil Hoskins

County Attorney

Bill Linkous

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

ELECTED OFFICIALS

Clerk of Court

Richard T. Alexander Jr.

District Attorney

Danny Porter

Chief Magistrate Court Judge

Kristina H. Blum

Probate Court Judge

Christopher A. Ballar

Sheriff

R.L. "Butch" Conway

Solicitor

Rosanna Szabo

Tax Commissioner

Richard Steele

State Court Judges

Pamela D. South, Chief Judge

Joseph C. Iannazzone

Carla E. Brown

John F. Doran Jr.

Emily J. Brantley

Shawn F. Bratton

Howard E. Cook, Senior Judge

Robert W. Mock Sr., Senior Judge

Superior Court Judges

Melodie Snell Conner, Chief Judge

Debra K. Turner

R. Timothy Hamil

Ronnie K. Batchelor

Tom Davis

Warren Davis

Karen E. Beyers

Kathryn M. Schrader

George F. Hutchinson III

Randolph G. Rich

K. Dawson Jackson, Senior Judge

Fred A. Bishop Jr., Senior Judge

JUDICIALLY APPOINTED OFFICIALS

Juvenile Court Judges

Robert V. Rodatus, Presiding Judge

Tadia D. Whitner

Robert Waller

Recorder's Court Judges

Michael Greene, Chief Judge

Rodney S. Harris

Patricia Muise

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

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

Brian **Yen**, Financial Analyst

FINANCIAL SECTION

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





INDEPENDENT AUDITORS' REPORT

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, 2017, 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 14%, 17%, and 52%, 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.

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.

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, 2017, 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.

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, and the Schedule of Funding Progress, on pages 23 through 37, pages 110, 111, and 113, 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.

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 12, 2018 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.

Mauldin & Jenkins, LLC

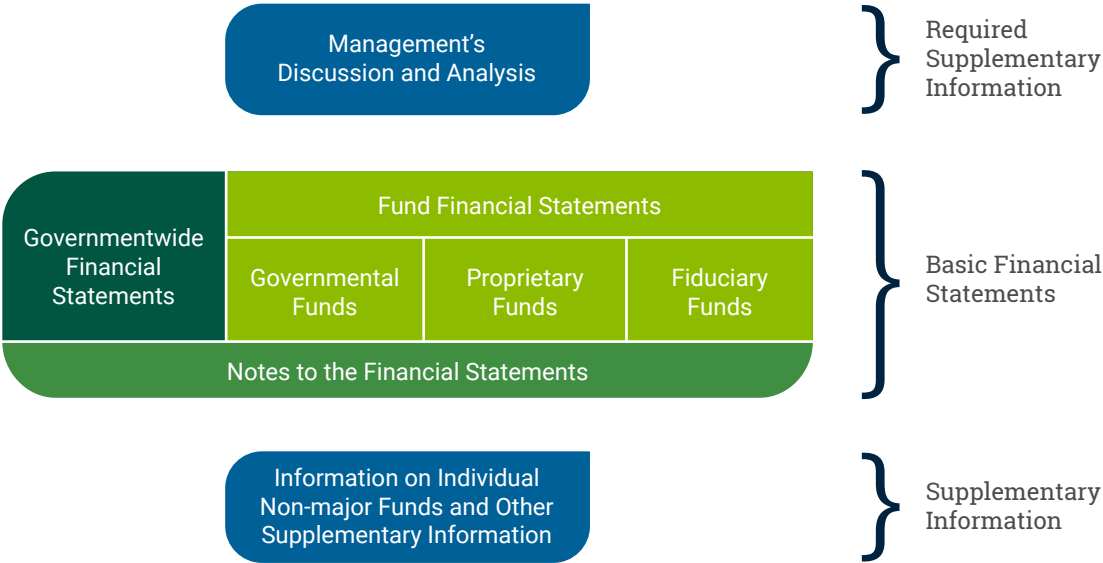
Atlanta, Georgia
June 12, 2018

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, 2017. 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 58 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 38 – 39 of this report. The component unit combining statements are presented on pages 52 – 53.

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 (2005 Sales Tax, 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, 2005 Sales Tax, 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 58 – 59 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 44 – 46. The basic governmental fund financial statements can be found on pages 40 – 43.

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, 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 47 – 49 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 50. The County also maintains fiduciary funds for Pension and Other Post-Employment Benefits (OPEB) trust funds. These funds are aggregated and presented on pages 50 and 51.

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 55 – 109 of this report.

FINANCIAL HIGHLIGHTS

- Gwinnett County's assets and deferred outflows of resources exceeded liabilities and deferred inflows at December 31, 2017 by \$6,808,015,000 (net position). Of this amount, \$479,612,000 (unrestricted net position) may be used to meet the government's ongoing obligations to residents and creditors.
- As of December 31, 2017, the County's governmental funds reported combined fund balances of \$1,063,473,000, an increase of \$87,764,000 when compared to the prior year. Of the \$1,063,473,000 total governmental fund balance, \$115,871,000 remains in the General Fund as unassigned.
- At December 31, 2017, the County's General Fund reported a fund balance of \$154,167,000, an increase of \$5,107,000, or 3.4 percent, from last fiscal year.
- As of December 31, 2017, the County's enterprise funds reported a combined net position of \$3,456,416,000, an increase of \$153,655,000 when compared to the prior year. Of the \$3,456,416,000 total enterprise net position, \$364,443,000 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.
- In early 2017, Gwinnett County and its Development Authority completed the refunding of selected maturities of 2008 Stadium Bonds. As a result of the County taking advantage of its strong credit rating in a lower interest rate environment, the County will save a total of \$12.1 million in future debt service payments, or over \$600,000 annually.
- Since 1997, the County has maintained a AAA credit rating from each of the three rating agencies that review public sector debt.



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 \$6,808,015,000 at the close of the most recent fiscal year. This represents an increase of \$230,807,000, or 3.51 percent, from fiscal year 2016 restated.

Gwinnett County's Net Position (in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016*	2017	2016	2017	2016
Current and other assets	\$ 1,278,429	\$ 1,189,344	\$ 525,061	\$ 475,114	\$ 1,803,490	\$ 1,664,458
Capital assets	2,487,667	2,476,025	3,725,025	3,685,796	6,212,692	6,161,821
Total assets	3,766,096	3,665,369	4,250,086	4,160,910	8,016,182	7,826,279
Deferred outflows of resources	9,415	69,522	16,188	27,574	25,603	97,096
Long-term liabilities outstanding	342,422	402,578	711,906	792,921	1,054,328	1,195,499
Other liabilities	56,250	57,211	95,563	93,457	151,813	150,668
Total liabilities	398,672	459,789	807,469	886,378	1,206,141	1,346,167
Deferred inflows of resources	24,269	–	3,360	–	27,629	–
Net position:						
Net investment in capital assets	2,396,352	2,375,340	3,059,003	2,949,587	5,455,355	5,324,927
Restricted	840,078	626,890	32,970	27,968	873,048	654,858
Unrestricted	116,140	272,872	363,472	324,551	479,612	597,423
Total net position	\$ 3,352,570	\$ 3,275,102	\$ 3,455,445	\$ 3,302,106	\$ 6,808,015	\$ 6,577,208

*Restated

By far the largest portion of the County's net position (80.1 percent) at December 31, 2017, 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.

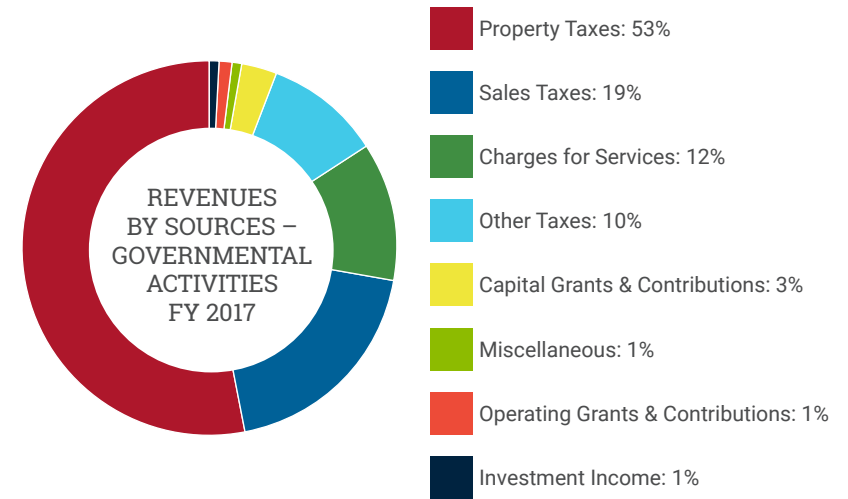
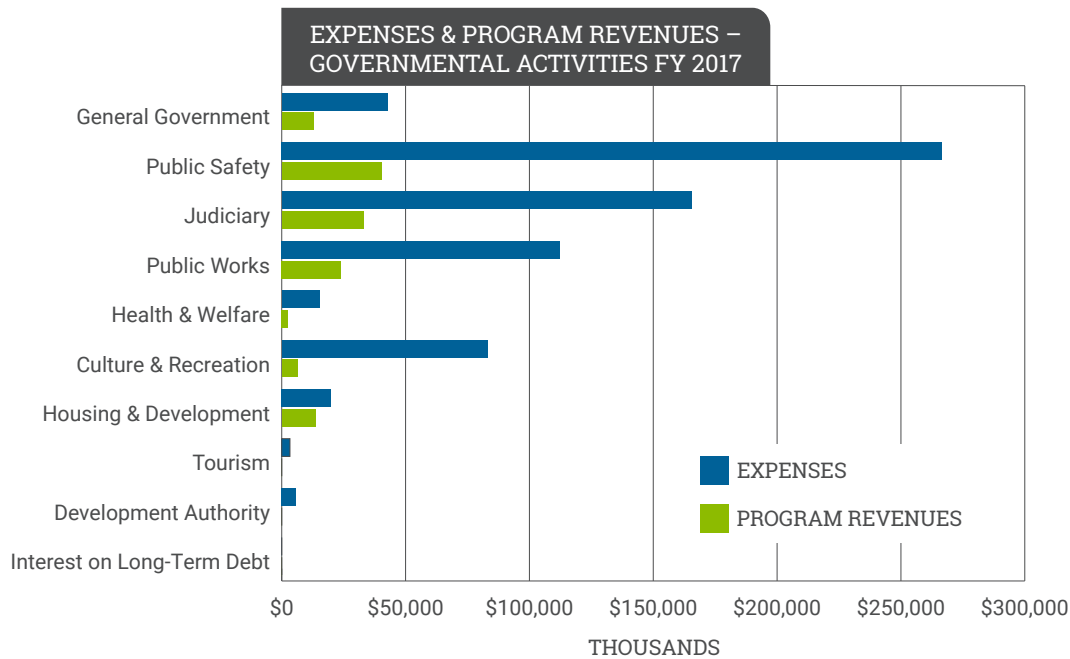
An additional portion of the County's net position (12.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$479,612,000) may be used to meet the government's ongoing obligations to residents and creditors. 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, both 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 2016.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016*	2017	2016	2017	2016
Revenues						
Program revenues:						
Charges for services	\$ 100,477	\$ 98,818	\$ 391,159	\$ 397,439	\$ 491,636	\$ 496,257
Operating grants and contributions	8,846	8,783	7,422	5,340	16,268	14,123
Capital grants and contributions	23,365	33,742	73,333	76,259	96,698	110,001
General revenues:						
Property taxes	425,472	392,669	—	—	425,472	392,669
Sales taxes	151,800	150,031	—	—	151,800	150,031
Other taxes	79,539	75,392	—	—	79,539	75,392
Investment income	5,662	1,301	4,269	791	9,931	2,092
Other	10,910	7,656	—	—	10,910	7,656
Total revenues	806,071	768,392	476,183	479,829	1,282,254	1,248,221
Expenses						
General government	42,786	42,353	—	—	42,786	42,353
Public safety	266,623	279,861	—	—	266,623	279,861
Judiciary	165,446	168,308	—	—	165,446	168,308
Public works	112,381	112,796	—	—	112,381	112,796
Health and welfare	15,330	9,707	—	—	15,330	9,707
Culture and recreation	83,095	80,377	—	—	83,095	80,377
Housing and development	19,941	23,604	—	—	19,941	23,604
Tourism	3,318	3,017	—	—	3,318	3,017
Development authority	5,246	4,586	—	—	5,246	4,586
Interest on long-term debt	191	197	—	—	191	197
Water and sewer	—	—	235,432	227,738	235,432	227,738
Airport	—	—	1,318	1,286	1,318	1,286
Solid waste	—	—	41,688	41,488	41,688	41,488
Stormwater	—	—	30,410	27,057	30,410	27,057
Transit	—	—	28,242	17,315	28,242	17,315
Total expenses	714,357	724,806	337,090	314,884	1,051,447	1,039,690
Increase in net position before transfers	91,714	43,586	139,093	164,945	230,807	208,531
Transfers	(14,246)	(10,459)	14,246	10,459	—	—
Increase in net position after transfers	77,468	33,127	153,339	175,404	230,807	208,531
Net position – January 1, restated	3,275,102	3,241,975	3,302,106	3,126,702	6,577,208	6,368,677
Net position – December 31	\$ 3,352,570	\$ 3,275,102	\$ 3,455,445	\$ 3,302,106	\$ 6,808,015	\$ 6,577,208

*Restated



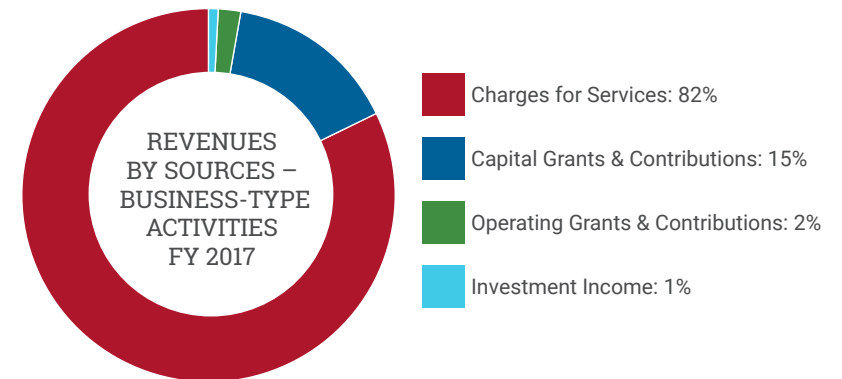
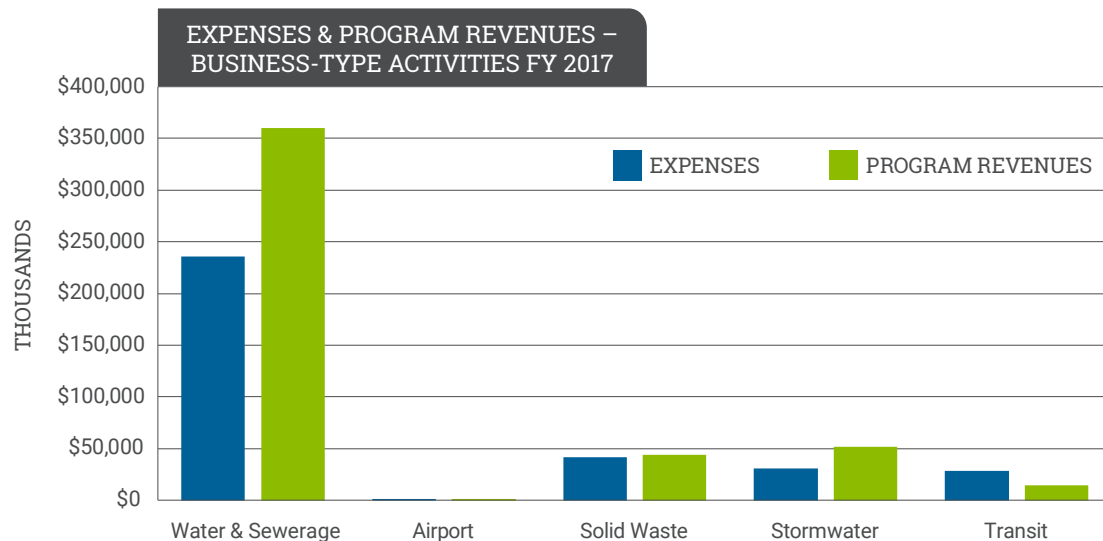
Governmental activities: Governmental activities increased the County’s net position by \$77,468,000, thereby accounting for 33.6 percent of the total growth in net position.

- Revenues increased by \$37.7 million, primarily due to increases in property taxes (\$32.8 million), sales taxes (\$1.8 million), charges for services (\$1.7 million), other taxes (\$4.1 million), investment income (\$4.4 million), and other revenues (\$3.3 million). These increases were offset by decreases in capital grants and contributions (\$10.4 million). The increase in property taxes is attributable to an improving digest and a small increase in the millage rate. 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. The increase in other revenues resulted from proceeds from the sale of capital assets and other rebates, refunds, and reimbursements.
- Public safety expenses decreased by \$13.2 million, primarily due to a decrease related to the reassignment of Animal Welfare from Police Services to Community Services (\$4.4 million); project-related expenses (\$3.8 million); contributions for self-funded insurance and indirect costs (\$2.3 million); intergovernmental payments (\$0.6 million); and the pension expense adjustment in the governmentwide statements (\$22.6 million). These decreases were primarily offset by an increase in personal services (\$9.5 million) for pay increases and increases in health care costs and an increase in professional services (\$5.0 million).
- Judiciary expenses decreased by \$2.9 million, primarily due to a decrease in the pension expense adjustment in the governmentwide statements (\$10.7 million) and a decrease in contributions for self-funded insurance and indirect costs (\$0.5 million). These decreases were offset by an increase in personal services (\$6.7 million) and an increase in professional services (\$0.8 million).
- Housing and development expenses decreased by almost \$3.7 million, primarily due to a decrease in grant payments to others (\$3.8 million). These expenses were higher in 2016 due to an initiative to close out old grant projects. In 2017, there was also a decrease in operating expenses (\$1.4 million) and a decrease in the pension expense adjustment in the governmentwide statements (\$1.1 million). These decreases were offset by an increase in intergovernmental expenditures (\$2.9 million).
- Health and welfare expenses increased by almost \$5.6 million, primarily due to the reassignment of Animal Welfare from Police Services to Community Services (\$4.4 million). The remaining year-over-year increases are in personal services due to pay increases and increases in employee benefits expenses, as well as increases in indirect cost allocations to health and welfare.

- Culture and recreation expenses increased by almost \$2.7 million, primarily due to increases in personal services due to pay increases and increases in employee benefits expenses (\$1.7 million), as well as an increase in indirect cost charges paid to the Administrative Support Internal Service Fund (\$1.5 million). These increases are offset by a decrease in project-related expenses (\$0.6 million).
- Development Authority expenses increased by almost \$1.2 million, primarily due to the refunding of selected maturities of the 2008 Development Authority Taxable Stadium Bonds, which will save the County a total of \$12.1 million in future debt payments.

Business-type activities: Business-type activities increased the County’s net position by \$153,339,000, accounting for 66 percent of the total growth in the government’s net position. Key elements of this increase were as follows:

- In 2017, Water and Sewerage Fund revenues were down approximately 2 percent, or \$6.5 million, compared to the prior year. The decrease was primarily attributable to a 9.5 percent decline in water consumption due to heavy rainfall Gwinnett County experienced in 2017. Operating expenses increased 4.3 percent, or \$8.6 million, from 2016. The increase is primarily attributable to a \$4.6 million increase in project-related engineering and design services and a \$3.9 million increase in personal services due to pay increases and increases in employee benefits expenses. In 2017, interest expense decreased \$3.5 million due to the refunding of the 2006 and 2008 Water and Sewerage Revenue Bonds, and investment earnings increased \$3.0 million due to increased interest rates and more available cash to invest. This fund ended the year with an increase in net position of \$128.0 million.
- The Stormwater Fund reported operating income of \$7.7 million, which was \$1.2 million higher than 2016. The fund ended the year with an increase in net position of \$23,572,000, primarily due to an increase in capital asset contributions resulting from transportation projects in other funds, which is up nearly \$2.0 million over last year’s increase.
- The Airport Fund reported an increase in net position of \$0.2 million, which was an increase of approximately \$0.7 million from the 2016 change in net position, primarily due to increases in capital contributions related to federal grants providing funding for work on airport taxiways.
- The Solid Waste Fund reported an increase in net position of \$2.6 million, which was approximately \$0.8 million more than the 2016 change in net position. There was an increase in operating revenues of approximately \$0.5 million and an increase in operating expenses of \$0.1 million.
- The Transit Fund reported a decrease in net position of \$0.7 million, which was approximately \$8.6 million less than the 2016 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

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 2017, the County's governmental funds reported combined ending fund balances of \$1,063,473,000, an increase of \$87,764,000 in comparison with the prior year. This increase is approximately \$50.7 million greater than the 2016 increase in fund balances. Overall, revenues were up \$36.6 million, expenditures were down \$20.0 million and net transfers out were up \$6.0 million.

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

- An increase in property tax revenues of \$33.4 million due to an improving digest and a slight increase in the millage rate
- An increase in charges for services of \$2.2 million. Of this amount, \$0.8 million was in E-911 charges for wireless phones
- An increase in sales tax revenues of \$1.8 million
- An increase in insurance premium taxes of just over \$2.4 million
- A decrease in intergovernmental revenues of \$10.6 million
- A decrease in fines of approximately \$1.0 million
- An increase in other miscellaneous revenues of \$3.3 million
- An increase in investment income of \$4.2 million

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

- A decrease in capital expenditures of \$37.5 million. Capital outlay expenditures fluctuate from year to year as new projects are started and others are completed. Several capital projects were completed in 2016 such as: fire apparatus, ambulance, and police equipment replacements; acquisition of E.E. Robinson Park; construction of J.B. Williams Park; construction of Lilburn Branch Library; and renovations of multiple parks such as Ronald Reagan Park and Best Friend Gymnasium. The widening of State Road 20 from Peachtree Industrial Boulevard to Burnette Trail also contributed to the year-over-year decrease in capital expenditures – significantly greater capital expenditures were used for this project in 2016 compared to 2017. Some of the projects started in 2017 include: courthouse renovations; multiple road improvement projects such as State Road 8 to State Road 324 and Five Forks Trickum Road; and multiple park renovations.
- A decrease in payments to other agencies of \$2.7 million, primarily due to a reduction in grant payments to others due to an initiative in 2016 to close out old grant projects that caused a spike in expenditures for 2016
- An increase in salaries and benefits of almost \$21.4 million as a result of pay increases and increased benefits costs

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 \$115,871,000 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 47.6 percent of General Fund expenditures. Total fund balance increased \$5.1 million, as compared to an increase of \$3.8 million in 2016. This increase in operating results is attributed to a combination of factors:

- An increase in revenues of nearly \$31.4 million, primarily due to slight decrease in motor vehicle *ad valorem* tax and miscellaneous revenues, offset by increases in real and personal property taxes, charges for services, and other taxes
- An increase in expenditures of \$11.1 million, primarily due to an increase of \$8.8 million in salaries and an increase in professional services of \$2.3 million
- An increase in contributions/transfers of \$19 million, primarily due to increases in transfers to Transit Fund operations of \$6.6 million to bring the fund in compliance with the reserve policy and for future expansion of the Gwinnett Place Transit Center, as well as an increase in transfers to capital funds of \$12.1 million to fund appropriations for future capital needs

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 2017, restricted fund balance was \$52,702,000, which is above the required fund balance reserve of three months of normal operating expenditures and represents an increase of \$5.3 million from the fiscal year 2016 fund balance. Revenues increased \$6.1 million primarily due to the increase in property tax revenues. Expenditures increased \$3.8 million primarily due to increases in salary and overtime and indirect cost allocations, offset by a decrease in transfers to the capital projects fund.

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 2017, restricted fund balance was \$65,231,000, which is above the required fund balance reserve of three months operating expenditures and represents an increase of \$14.8 million from the fiscal year 2016 fund balance. Revenues increased \$5.0 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 \$3.6 million mainly due to salary increases and increased indirect cost allocations, offset by a decrease 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 2017, the fund balance of the Other Capital Projects Fund was \$269,980,000, representing an increase of \$30.2 million from 2016. Expenditures exceeded revenues by \$30.1 million, which was offset by transfers in of \$60.2 million. Transfers to the capital projects fund increased slightly over the prior year. Expenditures were \$13.7 million higher in 2017 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 2005 Sales Tax Fund accounts for the financial resources provided from the 2005 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. All remaining funds were expended in 2017 and the fund was closed.



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 2017, the 2009 Sales Tax Fund reported a fund balance of \$140,742,000. Expenditures exceeded revenues by \$33.4 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 2017, the 2014 Sales Tax Fund reported a fund balance of \$191,293,000. Expenditures exceeded revenues by \$19.5 million. Sales tax revenues were collected under the 2014 program until March 31, 2017. Capital expenditures continued on eligible projects during fiscal year 2017.

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 2017, the 2017 Sales Tax Fund reported a fund balance of \$83,468,000. Revenues exceeded expenditures by \$83.5 million, as expenditures are just beginning on eligible projects. Sales tax revenues 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 2017 amounted to \$291,963,000. This represents an increase of \$28,317,000 in unrestricted net position from the end of the previous year. The total increase in net position was \$127,921,000. 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 2017 budget was adopted with a \$28.5 million use of fund balance, including a \$9.0 million reserve. As of December 31, 2017, there was a budgeted \$21.8 million use of fund balance after amendments, including a \$11.7 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 \$5.3 million.

Differences between the original budget and the final amended budget amount to a net increase in budgeted expenditures and transfers out of \$18.5 million and can be summarized as follows:

- Increase of \$13.2 million in transfers to capital projects and capital vehicles
- Increase of \$4.6 million in transfers to transit
- Increase of \$0.7 million in transfers to the Service District funds (Fire and EMS, Police, and Development and Enforcement)

GENERAL FUND ACTUAL REVENUES AND EXPENDITURES VERSUS BUDGET

Actual revenues were \$11.1 million above budget at the end of fiscal year 2017, which was primarily attributable to taxes exceeding budget by a net of \$6,946,000 due to increasing property values, a slight increase in the millage rate, and higher than expected motor vehicle *ad valorem* taxes. Additionally, charges for services exceeded budget by \$2,360,000, investment income exceeded budget by \$748,000, intergovernmental revenues exceeded budget by \$189,000, fines and forfeitures exceeded budget by \$247,000, and miscellaneous revenues exceeded budget by \$692,000. Permits and licenses was the only revenue category that ended the year under budget; permits and licenses ended the year \$65,000 below budget.

Actual expenditures and transfers out were \$16.0 million under budget at the end of fiscal year 2017. The main contributing factors were as follows:

- Personal services expenditures were \$6.0 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 \$1.6 million under budget. Other line items that were significantly under budget include road services, industrial supplies, industrial repair and maintenance, contracted utilities, license support agreements, and fuel.
- Transfers to the Fire and EMS Services District, Police Services District, Development and Enforcement Services District, Grants, and Airport Funds were under budget by nearly \$1.0 million.
- Unspent reserves/contingencies and allocations were \$3.9 million.



CAPITAL ASSETS

Capital assets: The County's investment in capital assets for its governmental and business-type activities as of December 31, 2017, amounted to \$6,212,692,000 (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	
	2017	2016*	2017	2016	2017	2016
Land	\$ 699,882	\$ 690,707	\$ 76,022	\$ 71,384	\$ 775,904	\$ 762,091
Improvements	348,737	338,965	2,633,510	2,562,340	2,982,247	2,901,305
Buildings	529,351	528,389	640,998	650,295	1,170,349	1,178,684
Equipment	41,635	46,054	261,050	239,230	302,685	285,284
Vehicles	46,407	47,399	16,259	24,968	62,666	72,367
Infrastructure (roads, bridges, and sidewalks)	747,861	750,460	6,443	4,704	754,304	755,164
Construction in progress	73,794	74,050	90,743	132,875	164,537	206,925
Total	\$ 2,487,667	\$ 2,476,024	\$ 3,725,025	\$ 3,685,796	\$ 6,212,692	\$ 6,161,820

*Restated

Total capital assets for governmental activities for 2017 totaled \$2,487,667,000 which is an increase of 11.6 million, or 0.5 percent, over 2016. The total of governmental assets transferred from construction in progress to the asset records during the year totaled approximately \$87.5 million. Major projects consisted of the following:

- Rock Springs Soccer Expansions: \$7,029,756
- Garner Road at Garner Creek: \$4,838,218
- Medical Examiner Morgue 2017: \$6,599,540
- Peachtree industrial Boulevard (South of McGinnis Ferry Road-North of Moore Road): \$4,742,650
- State Road 324/Auburn Road (Jim Moore-Dacula Road): \$4,543,727

Total capital assets for business-type activities for 2017 totaled \$3,725,025,000, which is an increase of \$39 million, or 1.1 percent, from 2016. The total of business-type assets that were transferred from construction in progress to the asset records during the year totaled approximately \$159 million. Major projects consisted of the following:

- Distribution Systems Rehabilitation: \$21,123,313
- Facility Rehabilitation/Water Production: \$16,358,057
- Pump Station Rehabilitation: \$29,100,728
- Water Reclamation Facility Rehabilitation/Improvements Program: \$36,331,182
- 2017 Drainage Improvements: \$11,706,196

Additional information on the County's capital assets can be found in [Note 7](#) on pages 83 – 85 of this report.

DEBT ADMINISTRATION

Long-Term Debt: At the end of the current fiscal year, the County had total bonded debt outstanding of \$8,110,000 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 \$624,010,000 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.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 8,110	\$ 11,975	\$ —	\$ —	\$ 8,110	\$ 11,975
Revenue bonds	—	—	624,010	691,950	624,010	691,950
Total	\$ 8,110	\$ 11,975	\$ 624,010	\$ 691,950	\$ 632,120	\$ 703,925

The County's total long-term bonds decreased by \$71,805,000 during the current fiscal year due primarily to principal payments.

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 86 – 92 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 \$8,110,000 set aside for repayment of general obligation debt principal, which means the County has used none of its legal debt limitation of \$2,916,626,000.



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 approximately 23.5 percent from 2013 to 2017, primarily due to rising home property values and new construction. From 2013 to 2017, the average value of a home in Gwinnett County rose approximately 45 percent from \$148,720 to \$215,604.

Gwinnett County took local economic factors and the County's priorities set by the Board of Commissioners into consideration when preparing the fiscal year 2018 budget. Developed within the framework of the County's five-year financial plan, the total budget, including operating and capital, is \$1,672,014,503, up from \$1,564,260,808 in 2017. With a focus on safety and quality of life, the 2018 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 2018 operating budget totals \$1,281,609,103 compared to \$1,180,557,235 in 2017. The year-over-year increase is primarily due to transfers for capital improvements and increased costs for salaries and benefits. Both the 2017 and 2018 operating budgets provided funding for new positions to help keep up with the demands of a growing population and to restore positions cut during the recession. The 2017 budget added 78 full-time positions while the 2018 budget added 152 full-time positions. The 2018 operating budget adds 65 police officer positions, two ambulance crews, a ladder truck crew, two positions in the District Attorney's Office, and a dozen part-time Sheriff's deputies. The budget also adds a traffic engineer, public relations positions, staff to manage cultural and natural resources and the new Lilburn Activity Building, Elections positions, and additional Planning and Development staff. Additionally, the budget provides funding for an animal welfare outreach program, the Bicentennial celebration, seed money to apply toward addressing homelessness, and more advanced voting days and Sunday voting, depending on the availability of trained poll workers. Workforce retention measures including 4 percent pay-for-performance increases and the continuation of longevity pay for eligible employees are also included in the budget. Cost saving measures such as continuing the 90-day vacancy policy and requiring justification for specific commitment items remain in effect for 2018.

The 2018 capital budget totals \$390,405,400, up from \$383,703,573 in 2017. Both the 2017 and 2018 capital budgets made capital investments in new ambulances, parks, and major infrastructure such as roads and the water and sewer system. Major capital projects in the 2018 budget include funding for two Park and Ride lots on State Route 316, as well as matching funds for an anticipated grant for reconstruction and improvements to the Indian Trail Park and Ride lot; the relocation of the Snellville and Lawrenceville libraries; improvements to senior service facilities including the expansion of the Norcross Senior Center; mid-life overhauls on a portion of express buses; expansion of the civic center; and construction of a Global Water Innovation Center, a new Bay Creek Police Precinct and alternate E-911 Center, and a small business resource center. The voter-approved 2017 SPLOST program includes \$51.9 million in the 2018 budget for transportation projects throughout the county.

Public involvement in the budget process continues to play a significant role in the development of the budget. Chairman Charlotte Nash, County staff, and seven citizen reviewers studied departments' and agencies' business plans, budget requests, and revenue projections to make recommendations for the 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 2018 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 under [Video on Demand – Budget Review Meetings](#).

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 Director of Financial Services, Gwinnett County, 75 Langley Drive, Lawrenceville, GA 30046.

The seven citizen reviewers who served on the Chairman's Budget Review Team for 2018 included: Lisa Burlison (Retired District Level Administrator, Gwinnett County Public Schools), David Cuffie (CEO, Total Vision Consulting LLC), Norwood Davis (CFO, 12Stone Church), Kevin Do (Realtor, Remax Grand South), Burt Manning (Retired Real Estate Appraiser/Assessment Administrator), Santiago Marquez (President and CEO, Georgia Hispanic Chamber of Commerce), 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.

DID YOU KNOW

From 2000 through 2016, Gwinnett averaged 16,475 new residents annually. This means that Gwinnett grows by more people in one year than the population of 56 of Georgia's 159 counties.

BASIC FINANCIAL STATEMENTS

Governmentwide Financial Statements
Fund Financial Statements



STATEMENT OF NET POSITION

December 31, 2017

(in thousands of dollars)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS:				
Cash and cash equivalents	\$ 461,062	200,472	661,534	18,784
Investments	92,482	34,422	126,904	—
Receivables, net of allowance	24,884	34,282	59,166	461
Internal balances	971	(971)	—	—
Due from other governments	56,328	3,018	59,346	2,598
Due from primary government	—	—	—	1,220
Inventories	1,774	4,265	6,039	—
Prepaid items	4,351	334	4,685	—
Restricted assets:				
Cash and cash equivalents	—	41,274	41,274	—
Net OPEB asset	38,107	—	38,107	—
Lease receivable	356	—	356	—
Lease receivable from primary government	—	—	—	78,175
Noncurrent investments	598,114	207,440	805,554	—
Other assets	—	525	525	—
Capital assets:				
Land and construction in progress	773,676	166,765	940,441	—
Other capital assets, net of depreciation	1,713,991	3,558,260	5,272,251	2,236
Total assets	<u>3,766,096</u>	<u>4,250,086</u>	<u>8,016,182</u>	<u>103,474</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Pension experience differences	9,373	1,299	10,672	535
Pension assumption changes	—	—	—	481
Pension investment differences	—	—	—	2,005
Proportionate share of pension contributions	—	—	—	511
Pension contributions subsequent to the measurement date	—	—	—	3,496
Deferred charge on refunding of bonds	42	14,889	14,931	1,311
Total deferred outflows of resources	<u>9,415</u>	<u>16,188</u>	<u>25,603</u>	<u>8,339</u>
LIABILITIES:				
Accounts payable	30,077	34,520	64,597	2,126
Other accrued payables	15,796	2,224	18,020	619
Retainage payable	4,910	2,698	7,608	—
Accrued interest payable	1,220	8,304	9,524	—
Due to others	4,168	386	4,554	—
Due to other governments	63	—	63	—
Customer deposits	—	3,951	3,951	—
Unearned revenue	16	43,480	43,496	—
Long-term liabilities:				
Due within one year	33,786	74,996	108,782	4,405
Due in more than one year	308,636	636,910	945,546	112,714
Total liabilities	<u>398,672</u>	<u>807,469</u>	<u>1,206,141</u>	<u>119,864</u>
DEFERRED INFLOWS OF RESOURCES:				
Pension experience differences	—	—	—	99
Pension investment differences	24,269	3,360	27,629	98
Proportionate share of pension contributions	—	—	—	1,011
Total deferred inflows of resources	<u>24,269</u>	<u>3,360</u>	<u>27,629</u>	<u>1,208</u>
NET POSITION:				
Net investment in capital assets	2,396,352	3,059,003	5,455,355	1,880
Restricted for:				
Capital projects	573,494	—	573,494	—
Debt service	16,029	32,970	48,999	—
Special programs	250,555	—	250,555	—
Health programs	—	—	—	6,672
Unrestricted	116,140	363,472	479,612	(17,811)
Total net position	<u>\$ 3,352,570</u>	<u>3,455,445</u>	<u>6,808,015</u>	<u>(9,259)</u>

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

STATEMENT OF ACTIVITIES

Year Ended December 31, 2017

(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	\$ 42,786	11,419	563	827	(29,977)	—	(29,977)	—
Public safety	266,623	38,203	1,335	828	(226,257)	—	(226,257)	—
Judiciary	165,446	28,219	4,560	318	(132,349)	—	(132,349)	—
Public works	112,381	7,593	262	16,135	(88,391)	—	(88,391)	—
Health and welfare	15,330	151	1,842	443	(12,894)	—	(12,894)	—
Culture and recreation	83,095	5,155	211	960	(76,769)	—	(76,769)	—
Housing and development	19,941	9,737	73	3,854	(6,277)	—	(6,277)	—
Tourism	3,318	—	—	—	(3,318)	—	(3,318)	—
Development authority	5,246	—	—	—	(5,246)	—	(5,246)	—
Interest on long-term debt	191	—	—	—	(191)	—	(191)	—
Total governmental activities	714,357	100,477	8,846	23,365	(581,669)	—	(581,669)	—
Business-type activities:								
Water and sewer	235,432	311,565	—	48,412	—	124,545	124,545	—
Airport	1,318	1,001	6	531	—	220	220	—
Solid waste	41,688	43,725	—	—	—	2,037	2,037	—
Storm water	30,410	31,902	159	19,920	—	21,571	21,571	—
Transit	28,242	2,966	7,257	4,470	—	(13,549)	(13,549)	—
Total business-type activities	337,090	391,159	7,422	73,333	—	134,824	134,824	—
Total primary government	\$ 1,051,447	491,636	16,268	96,698	(581,669)	134,824	(446,845)	—
Component units:	\$ 48,565	8,367	20,507	—	—	—	—	(19,691)
General revenues:								
Property taxes					425,472	—	425,472	—
Sales taxes					151,800	—	151,800	—
Hotel motel taxes					10,421	—	10,421	—
Insurance premium tax					38,712	—	38,712	—
Business taxes					21,443	—	21,443	—
Other taxes					8,963	—	8,963	—
Lease interest income – development authority					—	—	—	3,203
Intergovernmental revenue from primary government, not restricted for specific programs					—	—	—	19,034
Intergovernmental revenue from State of Georgia not restricted for specific programs					—	—	—	1,164
Investment income					5,662	4,269	9,931	27
Miscellaneous					10,910	—	10,910	55
Total general revenues					673,383	4,269	677,652	23,483
Transfers					(14,246)	14,246	—	—
Total general revenues and transfers					659,137	18,515	677,652	23,483
Change in net position					77,468	153,339	230,807	3,792
Net position – beginning, as restated					3,275,102	3,302,106	6,577,208	(13,051)
Net position – ending					\$ 3,352,570	3,455,445	6,808,015	(9,259)

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

GOVERNMENTAL FUNDS BALANCE SHEET

December 31, 2017

(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
ASSETS:									
Cash and cash equivalents	\$ 76,751	27,784	28,016	119,930	51,288	41,832	27,340	66,184	439,125
Investments	81,035	26,584	39,914	154,331	91,467	154,225	48,608	39,383	635,547
Receivables, net of allowance:									
Taxes	6,110	2,488	950	—	—	—	—	1,268	10,816
Accounts	548	5,289	583	474	3,780	782	163	1,013	12,632
Due from other funds	439	—	—	—	—	—	—	—	439
Due from other governments	—	—	36,321	—	16	—	15,849	4,142	56,328
Inventories	1,159	—	—	—	—	—	—	155	1,314
Prepaid items	713	68	344	—	—	6	—	19	1,150
Total assets	\$ <u>166,755</u>	<u>62,213</u>	<u>106,128</u>	<u>274,735</u>	<u>146,551</u>	<u>196,845</u>	<u>91,960</u>	<u>112,164</u>	<u>1,157,351</u>
LIABILITIES:									
Accounts payable	\$ 3,087	434	299	4,188	3,733	3,916	4,408	3,323	23,388
Due to other governments	—	—	—	—	—	—	—	63	63
Payroll payable	5,412	3,774	3,228	—	—	—	—	1,483	13,897
Retainage payable	—	—	—	454	2,076	1,636	718	26	4,910
Due to other funds	—	—	—	—	—	—	—	439	439
Due to others	138	—	105	113	—	—	3,366	446	4,168
Total liabilities	<u>8,637</u>	<u>4,208</u>	<u>3,632</u>	<u>4,755</u>	<u>5,809</u>	<u>5,552</u>	<u>8,492</u>	<u>5,780</u>	<u>46,865</u>
DEFERRED INFLOWS OF RESOURCES:									
Unavailable revenue	3,951	5,235	36,921	—	—	—	—	906	47,013
Total deferred inflows of resources	<u>3,951</u>	<u>5,235</u>	<u>36,921</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>906</u>	<u>47,013</u>
FUND BALANCES:									
Nonspendable	1,872	68	344	—	—	6	—	174	2,464
Restricted	—	52,702	65,231	157,991	140,742	191,287	83,468	105,003	796,424
Committed	—	—	—	—	—	—	—	301	301
Assigned	36,424	—	—	111,989	—	—	—	—	148,413
Unassigned	115,871	—	—	—	—	—	—	—	115,871
Total fund balance	<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>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>166,755</u>	<u>62,213</u>	<u>106,128</u>	<u>274,735</u>	<u>146,551</u>	<u>196,845</u>	<u>91,960</u>	<u>112,164</u>	<u>1,157,351</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, 2017

(in thousands of dollars)

Fund balances – total governmental funds		\$ 1,063,473
Amounts reported for governmental activities in the statement of net position are different because:		
Net OPEB asset is not recorded on the fund financial statements.		38,107
Long-term accounts receivable are not current financial resources and therefore are not reported in the governmental funds.		
Lease receivable	\$ 356	
Long-term accounts receivable	220	
	576	576
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.	2,486,394	
Capital assets used in internal service funds are reported in the governmental activities column of the governmentwide statement of net position.	1,273	
	2,487,667	2,487,667
Deferred outflows/(inflows) for governmental activities are not current financial resources and therefore are not reported in the governmental funds.		
Pension experience difference	9,373	
Pension investment difference	(24,269)	
Deferred loss on bond refunding	42	
	(14,854)	(14,854)
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	(8,110)	
Premiums on bonds payable	(162)	
Lease payable to component unit	(78,175)	
Accrued leave	(25,971)	
Estimated claims payable	(12,469)	
	(124,887)	(124,887)
Net pension liability is not recorded on the fund financial statements.		(217,535)
Revenue deferred in the governmental funds due to availability criteria is susceptible to full accrual on the governmentwide statements.		
Property tax	6,845	
Special assessments	213	
Insurance premium tax	36,321	
Public safety – EMS	3,634	
	47,013	47,013
Interest payable on capital lease to component unit is not accrued in the fund statements.		(1,220)
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	40,608	
Less items accounted for above:		
Capital assets	(1,273)	
Pension experience differences	(734)	
Pension investment differences	1,903	
Net pension liability	17,053	
Plus accrued leave already accounted for above	3,233	
Plus claims payable already accounted for above	12,469	
Plus amount due from enterprise funds	971	
	74,230	74,230
Net position of governmental activities		\$ 3,352,570

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, 2017

(in thousands of dollars)

	General	Fire and EMS District	Police Services District	Other Capital Projects	2005 Sales Tax	2009 Sales Tax	2014 Sales Tax	2017 Sales Tax	Other Governmental Funds	Total
REVENUES:										
Taxes	\$ 253,674	94,291	102,229	—	—	—	34,042	117,758	51,675	653,669
Permits and licenses	205	864	4,268	—	—	—	—	—	4,025	9,362
Intergovernmental	3,701	771	281	46	—	4,906	3,050	6,389	9,775	28,919
Charges for services	27,235	15,922	1,321	10	—	—	—	—	32,433	76,921
Fines and forfeitures	4,197	—	8,139	—	—	—	—	—	1,852	14,188
Investment income (loss)	1,190	338	491	2,176	—	1,476	1,816	(4)	665	8,148
Miscellaneous	1,901	120	486	4,686	—	34	22	—	3,733	10,982
Total revenues	<u>292,103</u>	<u>112,306</u>	<u>117,215</u>	<u>6,918</u>	<u>—</u>	<u>6,416</u>	<u>38,930</u>	<u>124,143</u>	<u>104,158</u>	<u>802,189</u>
EXPENDITURES:										
Current operating:										
General government	25,560	—	121	—	—	—	—	—	—	25,681
Public safety	21,406	97,818	82,470	—	—	—	—	—	17,820	219,514
Judiciary	145,291	—	4,102	—	—	—	—	—	1,763	151,156
Public works	16,726	—	—	—	—	—	—	—	7,354	24,080
Health and welfare	11,970	—	—	—	—	—	—	—	—	11,970
Culture and recreation	19,731	—	—	—	—	—	—	—	31,284	51,015
Housing and development	2,586	723	840	—	—	—	—	—	6,099	10,248
Tourism	—	—	—	—	—	—	—	—	3,318	3,318
Development authority	—	—	—	—	—	—	—	—	9,068	9,068
Grant programs	—	—	—	—	—	—	—	—	10,182	10,182
Capital outlay	187	33	7	36,980	954	39,803	51,197	15,663	1,013	145,837
Debt service	—	—	—	—	—	—	—	—	4,267	4,267
Intergovernmental	103	—	—	—	—	—	7,183	25,012	3,490	35,788
Total expenditures	<u>243,560</u>	<u>98,574</u>	<u>87,540</u>	<u>36,980</u>	<u>954</u>	<u>39,803</u>	<u>58,380</u>	<u>40,675</u>	<u>95,658</u>	<u>702,124</u>
Revenues in excess of (less than) expenditures	<u>48,543</u>	<u>13,732</u>	<u>29,675</u>	<u>(30,062)</u>	<u>(954)</u>	<u>(33,387)</u>	<u>(19,450)</u>	<u>83,468</u>	<u>8,500</u>	<u>100,065</u>
OTHER FINANCING SOURCES (USES):										
Transfers in	165	5,830	2,915	60,226	—	—	—	—	2,818	71,954
Transfers out	(43,601)	(14,314)	(17,973)	(12)	—	—	—	—	(8,355)	(84,255)
Other financing sources (uses), net	<u>(43,436)</u>	<u>(8,484)</u>	<u>(15,058)</u>	<u>60,214</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(5,537)</u>	<u>(12,301)</u>
Net change in fund balances	5,107	5,248	14,617	30,152	(954)	(33,387)	(19,450)	83,468	2,963	87,764
Fund balances – January 1	<u>149,060</u>	<u>47,522</u>	<u>50,958</u>	<u>239,828</u>	<u>954</u>	<u>174,129</u>	<u>210,743</u>	<u>—</u>	<u>102,515</u>	<u>975,709</u>
Fund balances – December 31	<u>\$ 154,167</u>	<u>52,770</u>	<u>65,575</u>	<u>269,980</u>	<u>—</u>	<u>140,742</u>	<u>191,293</u>	<u>83,468</u>	<u>105,478</u>	<u>1,063,473</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, 2017

(in thousands of dollars)

Net change in fund balances – total governmental funds	\$ 87,764
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	\$ 145,837
Capital expenditures reclassified as expense	(46,058)
Depreciation expense – general capital assets	(91,594)
	<u>8,185</u>
Contributions of capital assets are not recorded in governmental funds	6,803
The loss on disposition of capital assets is not reported in the fund statements	(3,798)
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.	3,865
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.	(24,707)
The current years increase in the net OPEB asset decreases net expenses of the functions on the government wide statements.	1,211
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	(75)
Amortization of premium on bonds	286
Accrued interest payable to component unit is not included on the fund financial statements.	562
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.	3,260
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	(5,506)
Accrued expenses related to compensated absences are not reported in the fund statements.	(3,457)
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.	(12)
Some revenue earned is deferred in the governmental funds due to availability criteria	<u>3,087</u>
Change in net position of governmental activities	<u>\$ 77,468</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, 2017

(in thousands of dollars)

	Original Budget	Final Budget	Actual (non-GAAP budget basis)	Variance-positive (negative)
REVENUES:				
Taxes	\$ 222,176	246,728	253,674	6,946
Permits and licenses	30	270	205	(65)
Intergovernmental	3,437	3,512	3,701	189
Charges for services	24,831	24,889	27,235	2,346
Fines and forfeitures	3,950	3,950	4,197	247
Investment income	606	606	1,354	748
Miscellaneous	989	1,195	1,901	706
Total revenues	256,019	281,150	292,267	11,117
EXPENDITURES:				
Current operating:				
General government:				
Board of Commissioners	1,229	1,281	1,046	235
County Administration	1,836	1,765	1,452	313
Financial services	9,098	9,190	9,053	137
Tax commissioner	12,509	11,149	10,747	402
Total general government	24,672	23,385	22,298	1,087
Public safety:				
Police services	6,603	1,984	1,722	262
Correctional services	15,577	16,464	15,826	638
Total public safety	22,180	18,448	17,548	900
Judiciary:				
Courts	40,252	47,877	45,615	2,262
District attorney	13,177	13,111	12,645	466
Sheriff	85,002	85,815	82,896	2,919
Solicitor	4,765	4,812	4,254	558
Total judiciary	143,196	151,615	145,410	6,205
Public works				
	17,201	17,765	16,741	1,024
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	2,561	2,640	2,640	—
General community services	9,262	13,739	12,582	1,157
Total health and welfare	13,787	18,343	17,186	1,157
Culture and recreation:				
Library	17,661	17,662	17,524	138
Total culture and recreation	17,661	17,662	17,524	138
Housing and development:				
Planning and development	649	649	572	77
Total housing and development	649	649	572	77
Miscellaneous				
	19,358	10,717	6,281	4,436
Total expenditures	258,704	258,584	243,560	15,024
Revenues in excess of (less than) expenditures	(2,685)	22,566	48,707	26,141
OTHER FINANCING SOURCES (USES):				
Transfers in	165	165	165	—
Transfers out	(25,958)	(44,583)	(43,601)	982
Other financing sources (uses), net	(25,793)	(44,418)	(43,436)	982
Revenues and other financing sources more (less) than expenditures and other financing uses	(28,478)	(21,852)	5,271	27,123
Fund balance allocation	28,478	21,852	—	(21,852)
Fund balance – January 1	—	—	150,008	150,008
Fund balance – December 31	\$ —	—	155,279	155,279

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, 2017

(in thousands of dollars)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (non-GAAP budget basis)</u>	<u>Variance-positive (negative)</u>
REVENUES:				
Taxes	\$ 84,894	90,145	94,291	4,146
Permits and licenses	901	901	864	(37)
Intergovernmental	534	534	771	237
Charges for services	15,495	15,495	15,922	427
Investment income	130	130	340	210
Miscellaneous	2	4	120	116
Total revenues	<u>101,956</u>	<u>107,209</u>	<u>112,308</u>	<u>5,099</u>
EXPENDITURES:				
Current operating:				
Public safety:				
Fire and emergency services	100,793	89,912	84,034	5,878
Total public safety	<u>100,793</u>	<u>89,912</u>	<u>84,034</u>	<u>5,878</u>
Housing and development:				
Planning and development	763	776	723	53
Total housing and development	<u>763</u>	<u>776</u>	<u>723</u>	<u>53</u>
Miscellaneous	5,098	15,098	13,817	1,281
Total expenditures	<u>106,654</u>	<u>105,786</u>	<u>98,574</u>	<u>7,212</u>
Revenues in excess of (less than) expenditures	<u>(4,698)</u>	<u>1,423</u>	<u>13,734</u>	<u>12,311</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	5,938	6,369	5,830	(539)
Transfers out	(4,352)	(14,352)	(14,314)	38
Other financing sources (uses), net	<u>1,586</u>	<u>(7,983)</u>	<u>(8,484)</u>	<u>(501)</u>
Revenues and other financing sources more (less) than expenditures and other financing uses	<u>(3,112)</u>	<u>(6,560)</u>	<u>5,250</u>	<u>11,810</u>
Fund balance allocation	<u>3,112</u>	<u>6,560</u>	<u>—</u>	<u>(6,560)</u>
Fund balance – January 1	<u>—</u>	<u>—</u>	<u>47,544</u>	<u>47,544</u>
Fund balance – December 31	<u>\$ —</u>	<u>—</u>	<u>52,794</u>	<u>52,794</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, 2017

(in thousands of dollars)

	Original Budget	Final Budget	Actual (non-GAAP budget basis)	Variance-positive (negative)
REVENUES:				
Taxes	\$ 88,957	97,980	102,229	4,249
Permits and licenses	4,194	4,194	4,268	74
Intergovernmental	222	222	281	59
Charges for services	1,020	1,020	1,321	301
Fines and forfeitures	9,100	9,100	8,139	(961)
Investment income	200	200	604	404
Miscellaneous	273	305	486	181
Total revenues	103,966	113,021	117,328	4,307
EXPENDITURES:				
Current operating:				
Public safety:				
Police services	91,038	74,688	65,020	9,668
Total public safety	91,038	74,688	65,020	9,668
Judiciary:				
Courts	1,533	1,492	1,359	133
Solicitor	762	819	636	183
Recorder's court	1,903	2,130	2,107	23
Total judiciary	4,198	4,441	4,102	339
Housing and development:				
Planning and development	792	847	840	7
Total housing and development	792	847	840	7
Miscellaneous	4,473	19,237	17,578	1,659
Total expenditures	100,501	99,213	87,540	11,673
Revenues in excess of expenditures	3,465	13,808	29,788	15,980
OTHER FINANCING SOURCES (USES):				
Transfers in	2,969	3,185	2,915	(270)
Transfers out	(2,973)	(17,973)	(17,973)	—
Other financing sources (uses), net	(4)	(14,788)	(15,058)	(270)
Revenues and other financing sources more (less) than expenditures and other financing uses	3,461	(980)	14,730	15,710
Fund balance allocation	(3,461)	980	—	(980)
Fund balance – January 1	—	—	51,381	51,381
Fund balance – December 31	\$ —	—	66,111	66,111

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

PROPRIETARY FUNDS STATEMENT OF NET POSITION

December 31, 2017

(in thousands of dollars)

	Enterprise Funds				
	Water and Sewerage	Stormwater	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ 142,293	22,317	35,862	200,472	21,937
Investments	14,992	3,318	16,112	34,422	16,624
Accounts receivable, net of allowance	31,862	1,244	1,176	34,282	1,216
Due from other governments	228	89	2,701	3,018	—
Inventories	4,265	—	—	4,265	460
Prepaid items	302	28	4	334	3,201
Restricted cash and cash equivalents	41,274	—	—	41,274	—
Other assets	525	—	—	525	—
Total current assets	235,741	26,996	55,855	318,592	43,438
Noncurrent assets:					
Investments	159,787	22,052	25,601	207,440	38,425
Land and construction in progress	143,262	4,110	19,393	166,765	661
Other capital assets, net of depreciation	3,065,738	468,088	24,434	3,558,260	612
Total noncurrent assets	3,368,787	494,250	69,428	3,932,465	39,698
Total assets	3,604,528	521,246	125,283	4,251,057	83,136
DEFERRED OUTFLOWS OF RESOURCES:					
Pension experience difference	1,155	140	4	1,299	734
Deferred charge on refunding of bonds	14,889	—	—	14,889	—
Total deferred outflows of resources	16,044	140	4	16,188	734
LIABILITIES:					
Current liabilities:					
Accounts payable	24,557	3,559	6,404	34,520	6,689
Payroll payable	1,927	228	69	2,224	1,899
Retainage payable	2,613	—	85	2,698	—
Accumulated leave benefits – current	2,025	211	69	2,305	1,999
Estimated claims payable – current	—	—	—	—	6,129
Customer deposits payable	3,951	—	—	3,951	—
Accrued interest payable – from restricted assets	8,304	—	—	8,304	—
Due to others	—	358	28	386	—
Notes payable – current	2,545	246	—	2,791	—
Revenue bonds payable – current – from restricted assets	69,900	—	—	69,900	—
Unearned revenue	106	—	43,374	43,480	16
Total current liabilities	115,928	4,602	50,029	170,559	16,732
Noncurrent liabilities:					
Accumulated leave benefits	1,100	120	48	1,268	1,234
Estimated claims payable	—	—	—	—	6,340
Notes payable	33,469	3,723	—	37,192	—
Revenue bonds payable	568,330	—	—	568,330	—
Net pension liability	26,791	3,230	99	30,120	17,053
Total noncurrent liabilities	629,690	7,073	147	636,910	24,627
Total liabilities	745,618	11,675	50,176	807,469	41,359
DEFERRED INFLOWS OF RESOURCES:					
Pension investment return	2,989	360	11	3,360	1,903
Total deferred inflows of resources	2,989	360	11	3,360	1,903
NET POSITION:					
Net investment in capital assets	2,547,032	468,229	43,742	3,059,003	1,273
Restricted for debt service	32,970	—	—	32,970	—
Unrestricted	291,963	41,122	31,358	364,443	39,335
Total net position	\$ 2,871,965	509,351	75,100	3,456,416	40,608
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds				(971)	
Net position of business-type activities				\$ 3,455,445	

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, 2017

(in thousands of dollars)

	Enterprise Funds				Internal Service Funds
	Water and Sewerage	Stormwater	Other Enterprise Funds	Total Enterprise Funds	
OPERATING REVENUES:					
Residential and commercial service	\$ 297,850	—	—	297,850	—
Wholesale service	5,240	—	—	5,240	—
Public fire protection charges	701	—	—	701	—
Connection charges	1,446	—	—	1,446	—
Operating lease income and rental income from individual hangars	—	—	999	999	—
Charges to other funds	—	—	—	—	115,116
Employee contributions	—	—	—	—	5,216
User fees and charges	—	31,781	46,672	78,453	—
Fines and forfeitures	—	113	—	113	—
Miscellaneous	6,328	8	21	6,357	2,306
Total operating revenues	<u>311,565</u>	<u>31,902</u>	<u>47,692</u>	<u>391,159</u>	<u>122,638</u>
OPERATING EXPENSES:					
Water production	12,634	—	—	12,634	—
Distribution and collection	34,371	—	—	34,371	—
Engineering	5,931	—	—	5,931	—
Reclamation	32,072	—	—	32,072	—
Vehicle maintenance and repair	—	—	—	—	4,234
Benefit claims	—	—	—	—	29,870
Insurance premiums	—	—	—	—	28,868
Depreciation	93,522	15,908	3,459	112,889	234
Transit operations	—	—	16,858	16,858	—
General and administrative	32,625	8,343	42,255	83,223	65,772
Total operating expenses	<u>211,155</u>	<u>24,251</u>	<u>62,572</u>	<u>297,978</u>	<u>128,978</u>
Operating income (loss)	<u>100,410</u>	<u>7,651</u>	<u>(14,880)</u>	<u>93,181</u>	<u>(6,340)</u>
NON-OPERATING REVENUES (EXPENSES):					
Intergovernmental	—	159	7,263	7,422	—
Investment earnings	3,281	312	676	4,269	807
Interest expense	(22,055)	(123)	—	(22,178)	—
Loss on disposal of capital assets	(1,962)	(6,003)	(8,653)	(16,618)	—
Total non-operating revenues (expenses)	<u>(20,736)</u>	<u>(5,655)</u>	<u>(714)</u>	<u>(27,105)</u>	<u>807</u>
Income (loss) before transfers and contributions	<u>79,674</u>	<u>1,996</u>	<u>(15,594)</u>	<u>66,076</u>	<u>(5,533)</u>
Capital contributions	48,412	21,576	5,001	74,989	—
Transfers in	—	—	12,755	12,755	12
Transfers out	(165)	—	—	(165)	(301)
Change in net position	<u>127,921</u>	<u>23,572</u>	<u>2,162</u>	<u>153,655</u>	<u>(5,822)</u>
Net position – January 1	<u>2,744,044</u>	<u>485,779</u>	<u>72,938</u>		<u>46,430</u>
Net position – December 31	<u>\$ 2,871,965</u>	<u>509,351</u>	<u>75,100</u>		<u>40,608</u>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds				(316)	
Change in net position of business-type activities			\$	<u>153,339</u>	

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

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS

Year Ended December 31, 2017

(in thousands of dollars)

	Enterprise Funds				
	Water and Sewerage	Stormwater	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 313,926	31,748	48,791	394,465	122,492
Cash payments to suppliers for goods and services	(70,611)	(3,811)	(57,128)	(131,550)	(28,568)
Cash payments to employees for services	(42,910)	(5,182)	(1,420)	(49,512)	(38,212)
Claims and premiums paid	—	—	—	—	(57,084)
Net cash flows provided/(required) by operating activities	200,405	22,755	(9,757)	213,403	(1,372)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Operating grants	—	159	7,263	7,422	—
Transfers from other funds	—	—	12,755	12,755	12
Transfers (to) other funds	(165)	—	—	(165)	(301)
Net cash provided/(required) by noncapital activities	(165)	159	20,018	20,012	(289)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital grants	546	—	4,185	4,731	—
Acquisition and construction of capital assets	(93,928)	(18,486)	(8,165)	(120,579)	(690)
Proceeds from sale of capital assets	470	8	—	478	—
Principal payments – revenue bonds	(67,940)	—	—	(67,940)	—
Principal payments – notes payable	(2,471)	(237)	—	(2,708)	—
Interest paid	(23,231)	(123)	—	(23,354)	—
Contract retention withheld	678	(52)	—	626	—
Capital contributed by others	21,188	—	—	21,188	—
Net cash (required) by capital and related financing activities	(164,688)	(18,890)	(3,980)	(187,558)	(690)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from the sale of investments	189,141	19,141	27,463	235,745	400,017
Purchase of investments	(243,211)	(17,235)	(40,473)	(300,919)	(399,875)
Investment earnings	3,798	317	661	4,776	787
Net cash provided/(required) by investing activities	(50,272)	2,223	(12,349)	(60,398)	929
Net increase (decrease) in cash and cash equivalents	(14,720)	6,247	(6,068)	(14,541)	(1,422)
Cash and cash equivalents at beginning of year	198,287	16,070	41,930	256,287	23,359
Cash and cash equivalents at end of year	\$ 183,567	22,317	35,862	241,746	21,937
Reconciliation of operating income (loss) to net cash provided/(required) by operating activities:					
CASH FLOWS FROM OPERATING ACTIVITIES:					
Operating income (loss)	\$ 100,410	7,651	(14,880)	93,181	(6,340)
Adjustments to reconcile operating income (loss) to net cash provided/(required) by operating activities:					
Depreciation and amortization	93,522	15,908	3,459	112,889	234
CHANGE IN ASSETS AND LIABILITIES:					
Changes in net pension liability and related deferred inflows of resources	3,902	(531)	(135)	3,236	1,315
(Increase) decrease in receivables	2,384	(154)	77	2,307	(145)
(Increase) in inventories	(1,203)	—	—	(1,203)	(34)
(Increase) decrease in prepaid items	(50)	13	3	(34)	(100)
Increase (decrease) in payables	693	(303)	624	1,014	1,278
Increase in other liabilities	539	110	73	722	2,420
Increase (decrease) in unearned revenue	(23)	—	1,022	999	—
Increase in payroll payables	231	61	—	292	—
Net cash provided/(required) by operating activities	\$ 200,405	22,755	(9,757)	213,403	(1,372)
Non-cash capital contributed by others	\$ 26,678	21,576	—	42,634	—

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

FIDUCIARY FUNDS STATEMENT OF FIDUCIARY NET POSITION

December 31, 2017

(in thousands of dollars)

	Agency Funds	Pension and OPEB Trust Funds
ASSETS:		
Cash and cash equivalents	\$ 43,325	45,213
Investments, at fair value:		
U.S. treasury bonds	—	68,017
Asset-backed securities	—	14,632
U.S. governmental agencies	—	36,984
Commercial mortgage-backed securities	—	9,129
Corporate bonds	—	57,426
Collateralized mortgage obligations	—	16,060
Corporate equities	—	653,338
International equities	—	191,747
Preferred stock	—	780
Global fixed income	—	87,564
Total investments	—	1,135,677
Securities lending collateral investment pool	—	98,643
Contributions receivable from employer	—	547
Prepaid assets	—	5,778
Taxes receivable	19,907	—
Total assets	\$ 63,232	1,285,858
LIABILITIES:		
Accounts payable	\$ —	3,304
Liability for securities lending agreement	—	98,643
Due to others	63,232	—
Total liabilities	\$ 63,232	101,947
NET POSITION:		
Net position – restricted for pension benefits		1,043,206
Net position – restricted for OPEB		140,705
Total net position		\$ 1,183,911

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, 2017

(in thousands of dollars)

ADDITIONS:

Contributions:

Employer	\$ 48,578
Employee	6,441
Total contributions	<u>55,019</u>

Investment income:

Net increase in the fair value of investments	140,453
Securities lending income	157
Interest and dividends	24,009
	<u>164,619</u>

Less – Investment expense	(4,640)
Securities lending expense	(17)
Net investment income	<u>159,962</u>

Total additions	<u>214,981</u>
-----------------	----------------

DEDUCTIONS:

Benefits paid	77,065
Insurance premiums	1,468
Administrative expenses	1,396
Total deductions	<u>79,929</u>

Net increase in fiduciary net position	135,052
--	---------

Net position – restricted for pension and OPEB:

Beginning of year	<u>1,048,859</u>
End of year	<u>\$ 1,183,911</u>

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

COMPONENT UNITS COMBINING STATEMENT OF NET POSITION

December 31, 2017

(in thousands of dollars)

	Public Library	Development Authority	Health Department	Total
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 7,624	829	10,331	18,784
Receivables, net of allowance	461	—	—	461
Lease receivable from primary government, current portion	—	3,430	—	3,430
Due from primary government	—	1,220	—	1,220
Due from other governments	—	—	2,598	2,598
Total current assets	8,085	5,479	12,929	26,493
Noncurrent assets:				
Lease receivable from primary government	—	74,745	—	74,745
Capital assets, net of depreciation	971	—	1,265	2,236
Total noncurrent assets	971	74,745	1,265	76,981
Total assets	9,056	80,224	14,194	103,474
DEFERRED OUTFLOWS OF RESOURCES:				
Pension experience differences	535	—	—	535
Pension assumption changes	314	—	167	481
Pension investment differences	—	—	2,005	2,005
Proportionate share of pension contributions	8	—	503	511
Pension contributions subsequent to the measurement date	752	—	2,744	3,496
Deferred charge on refunding of bonds	—	1,311	—	1,311
Total deferred outflows of resources	1,609	1,311	5,419	8,339
LIABILITIES:				
Current liabilities:				
Accounts payable	491	1,220	415	2,126
Accrued salaries and related payments	619	—	—	619
Unearned revenue	—	—	—	—
Total current liabilities	1,110	1,220	415	2,745
Noncurrent liabilities:				
Due within one year	280	3,430	695	4,405
Due in more than one year	15,218	77,565	19,931	112,714
Total noncurrent liabilities	15,498	80,995	20,626	117,119
Total liabilities	16,608	82,215	21,041	119,864
DEFERRED INFLOWS OF RESOURCES:				
Pension experience differences	54	—	45	99
Pension investment differences	98	—	—	98
Proportionate share of pension contributions	899	—	112	1,011
Total deferred inflows of resources	1,051	—	157	1,208
NET POSITION:				
Net investment in capital assets	615	—	1,265	1,880
Restricted for health programs	—	—	6,672	6,672
Unrestricted	(7,609)	(680)	(9,522)	(17,811)
Total net position (deficit)	\$ (6,994)	(680)	(1,585)	(9,259)

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

COMPONENT UNITS COMBINING STATEMENT OF ACTIVITIES

Year Ended December 31, 2017

(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	\$ 19,695	1,435	377	(17,883)	—	—	(17,883)	
Development authority	3,477	86	—	—	(3,391)	—	(3,391)	
Health department	25,393	6,846	20,130	—	—	1,583	1,583	
Total component units	\$ 48,565	8,367	20,507	(17,883)	(3,391)	1,583	(19,691)	
General Revenues:								
Lease interest income – development authority				—	3,203	—	3,203	
Intergovernmental revenue from primary government, not restricted for specific programs				16,951	2,083	—	19,034	
Intergovernmental revenue from State of Georgia, not restricted for specific programs				1,164	—	—	1,164	
Investment income				23	4	—	27	
Miscellaneous				55	—	—	55	
Total general revenues				18,193	5,290	—	23,483	
Change in net position				310	1,899	1,583	3,792	
Net position (deficit) – beginning				(7,304)	(2,579)	(3,168)	(13,051)	
Net position (deficit) – ending				\$ (6,994)	(680)	(1,585)	(9,259)	

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

DID YOU KNOW

Gwinnett has the most cities of any county in Georgia, although 75 percent of its residents lived in unincorporated areas of the county in 2016.

NOTES TO THE FINANCIAL STATEMENTS



NOTES TO THE FINANCIAL STATEMENTS

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NOTE 1.

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, 2017, the authority had no assets, liabilities, or fund equity. In addition, during 2017, 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, 2017, the authority had no assets, liabilities, or fund equity. In addition, during 2017, 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, 2017, the authority had no assets, liabilities, or fund equity. In addition, during 2017, 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, 2017, the authority had no assets, liabilities, or fund equity. In addition, during 2017, 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 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. At December 31, 2017, the agency had no assets, liabilities, or fund equity. In addition, during 2017, the agency had no revenues or expenses.

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 2017 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 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. The County has pledged hotel/motel tax revenues to the Development Authority to satisfy the lease payments for both of these issues in an amount equal to the required debt service of the bonds. 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. The County has pledged 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 6.1 percent of the board's revenues during its fiscal year ended June 30, 2017. 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, 2017.

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:

District 3-4 Accounting Office
P.O. Box 897
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 \$966,810 to the ARC for the year ended December 31, 2017. 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 Nonexchange 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 2017, the County has recorded a \$36.3 million receivable and unavailable revenue for insurance premium tax due from the state of Georgia for taxes collected in 2017, which will be paid to the County in 2018. The County has recorded a \$7.1 million receivable and unavailable revenue for property taxes and special assessments levied in 2017 and prior years, but expected to be collected in 2018 (adjusted for an allowance for doubtful accounts). The County also recorded a \$3.6 million receivable and unavailable revenue for emergency medical services provided in 2017 but expected to be collected in 2018 (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 **2005 Sales Tax Fund** accounts for the financial resources provided from the 2005 one percent Special Purpose Local Option Sales Tax. Such resources are to be used for libraries, parks and recreation, public safety, and transportation projects.

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, 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 operates as a stable asset value investment pool and is rated AA+ by Standard and Poor's. Georgia Fund 1 is 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 pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The pool also adjusts the value of its investments to fair value as of year-end and the County's investment in Georgia Fund 1 is reported at fair value. The County considers amounts held in Georgia Fund 1 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. Interest incurred during the construction period of capital assets of the Water and Sewerage Fund is included as part of the capitalized value of the assets. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until completion of the project) with interest earned on investment proceeds over the same period. There was no capitalizable interest in 2017.

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 and pension experience differences, pension assumption changes, and pension investment returns differences as 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. Pension related deferred outflows of resources are discussed more in [Note 12](#).

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	\$ 3,951	\$ 1,601	\$ 600	\$ 693	\$ 6,845
Insurance premium taxes	—	—	36,321	—	36,321
Emergency medical services	—	3,634	—	—	3,634
Special assessments	—	—	—	213	213
Total	\$ 3,951	\$ 5,235	\$ 36,921	\$ 906	\$ 47,013

The County also has pension related deferred inflows of resources which are discussed in [Note 12](#).

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)

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 2016 Net Position for change in Accounting Procedure

2016 Governmentwide net position has been restated for Governmental Activities due to a change in accounting procedure relating to certain major transportation projects that receive state funding. It has been determined that amounts contributed by the State of Georgia for these projects have been capitalized by the state and therefore should not have been included in the County's net position.

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

2016 Governmental activities net position, as previously reported	\$ 3,374,468
Effect of restatement	(99,366)
2016 net position for Governmental activities, as restated	<u>\$ 3,275,102</u>



NOTE 2.

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 \$106,935,000 and remaining funding of \$76,645,375 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 Agencies 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, whether through a change in anticipated revenues in any fund or through a transfer of appropriations among departments, 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 and/or from the Casualty and Liability Insurance Reserve for the replacement or repair of damaged equipment items;
- (b) allocate funds from the established Judicial Reserve to appropriate Departments or 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 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 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 2017 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 2017 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, 2017, was amended through supplemental appropriations as follows (in thousands of dollars):

	Original Appropriation Budget	Increase/(Decrease) in Appropriation	Amended Appropriation Budget
General Fund	\$ 284,662	\$ 18,505	\$ 303,167
Special Revenue Funds	327,642	27,495	355,137
Debt Service Fund	4,262	5	4,267
Capital Projects Funds	230,232	(53,427)	176,805

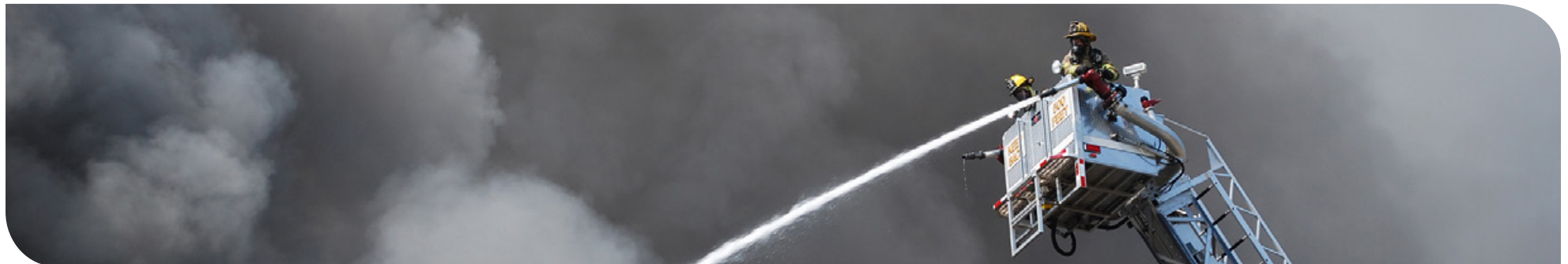
The Statements of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budget Basis) reflect these revisions.

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):

	Fund Balances at End of Year					
	General Fund	Fire and EMS District	Police Services District	Non-major Special Revenue Funds*	Debt Service Fund	Capital Projects
GAAP basis fund balance	\$ 154,167	\$ 52,770	\$ 65,575	\$ 87,338	\$ 15,988	\$ 685,483
Fair value adjustments	1,112	24	536	317	–	3,938
Budget basis	\$ 155,279	\$ 52,794	\$ 66,111	\$ 87,655	\$ 15,988	\$ 689,421

*Excludes grant funds



NOTE 3.

Cash, Cash Equivalents, and Investments

Following are the components of the County's cash, cash equivalents, and investments as of December 31, 2017 (in thousands of dollars):

	Unrestricted	Restricted	Agency Funds	Pension and Other Employee Trust Funds	Primary Government Total
Cash and Equivalents	\$ 661,534	\$ 41,274	\$ 43,325	\$ 45,213	\$ 791,346
Investments	932,458	—	—	1,135,677	2,068,135
Total	\$ 1,593,992	\$ 41,274	\$ 43,325	\$ 1,180,890	\$ 2,859,481

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, 2017:

Investment	Fair Value Measurement Using			Fair Value
	Level 1	Level 2	Level 3	
Federal agency securities	–	583,384,450	–	583,384,450
Federal mortgage-backed securities/collateralized mortgage obligations	–	155,482,555	–	155,482,555
Georgia state securities	–	19,497,994	–	19,497,994
U.S. treasury notes	50,815,625	–	–	50,815,625
Total investments measured at fair value	\$ 50,815,625	\$ 758,364,999	\$ –	\$ 809,180,624

Investments recorded at cost:

Certificates of deposit 123,277,208

Investments not subject to level disclosure:

Georgia Fund 1 (classified as cash equivalents) 622,041,845

Total investments \$ 1,554,499,677

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.

Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is 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 within the fair value hierarchy.

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.

On December 31, 2017, 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, 2017, 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	\$ 583,384,450	1.86	AA+
Federal mortgage-backed securities/collateralized mortgage obligations	155,482,555	0.95	AA+
Georgia state securities	19,497,994	1.94	AAA
U.S. treasury notes	50,815,625	1.05	AAA
State of Georgia Fund 1	622,041,845	0.025	AAAf
Total fair value	\$ 1,431,222,469		



Pension Trust Fund Investments

As of December 31, 2017, the Pension Trust Fund had \$997,848,000 invested in the following types of investments (dollars in thousands) as categorized by credit risk:

Investment	Fair Value	Credit Quality
U.S. treasury bonds	\$ 59,762	AA
Asset-backed securities	6,743	AAA
Asset-backed securities	1,238	AA
Asset-backed securities	1,034	BBB
Asset-backed securities	20	B
Asset-backed securities	3,821	—
U.S. government agencies	29,322	AA
U.S. government agencies	3,174	—
Commercial mortgage-backed securities	1,226	AAA
Commercial mortgage-backed securities	2,071	AA
Commercial mortgage-backed securities	738	A
Commercial mortgage-backed securities	3,986	—
Corporate bonds	616	AAA
Corporate bonds	2,289	AA
Corporate bonds	11,529	A
Corporate bonds	34,858	BBB
Corporate bonds	154	BB
Corporate bonds	1,011	—
Collateralized mortgage obligations	810	AAA
Collateralized mortgage obligations	10,870	AA
Collateralized mortgage obligations	59	A
Collateralized mortgage obligations	580	BBB
Collateralized mortgage obligations	1,792	—
Corporate equities	574,048	—
International equities	168,476	—
Preferred stock	73	A
Preferred stock	612	BBB
Global fixed income	1,902	AAA
Global fixed income	1,503	A
Global fixed income	15,066	BBB
Global fixed income	729	BB
Global fixed income	57,736	—
Total	<u>\$ 997,848</u>	

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 related mutual funds invested in equities are also not classified by credit quality.

On December 31, 2017, 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, 2017, the Pension Trust Fund had \$997,848,000 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	\$ 59,762	10.29
Asset-backed securities	12,856	4.14
U.S. government agencies	32,496	18.32
Commercial mortgage-backed securities	8,021	29.85
Corporate bonds	50,457	13.97
Collateralized mortgage obligations	14,111	18.48
Corporate equities	574,048	–
International equities	168,476	–
Preferred stock	685	32.60
Global fixed income	76,936	–
Total investments measured at fair value	\$ 997,848	

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, 2017, the Fixed Income Assets had an effective duration of 5.99 years compared to the Barclays Capital U.S. Aggregate of 5.89 years. The weighted average yield to maturity of the Portfolio was 3.17 percent compared to the Barclays Aggregate of 2.72 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 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, 2017, 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	59,762	—	—	59,762
Asset-backed securities	—	12,856	—	12,856
U.S. government agencies	—	32,496	—	32,496
Commercial mortgage-backed securities	—	8,021	—	8,021
Corporate bonds	—	50,457	—	50,457
Collateralized mortgage obligations	—	14,111	—	14,111
Corporate equities	532,838	—	41,210	574,048
International equities	168,476	—	—	168,476
Preferred stock	—	685	—	685
Global fixed income	45,071	31,865	—	76,936
Total investments measured at fair value	\$ 806,147	\$ 150,491	\$ 41,210	\$ 997,848

The U.S. treasury bonds, corporate equities, international equities, 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, preferred stock, and global fixed income 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 investments in corporate equities classified as Level 3 on the fair value hierarchy represent shares held in funds which are not actively traded and these investments are valued using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the shares.

Foreign Currency Risk – At December 31, 2017, \$168,476,000, or 16.9 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:

Investment	Amount
Australian dollar	\$ 1,438
British pound	68,872
Canadian dollar	9,095
Swiss Franc	5,437
Euro	1,467
U.S. dollars invested in mutual funds with only international holdings*	82,167
Total	\$ 168,476

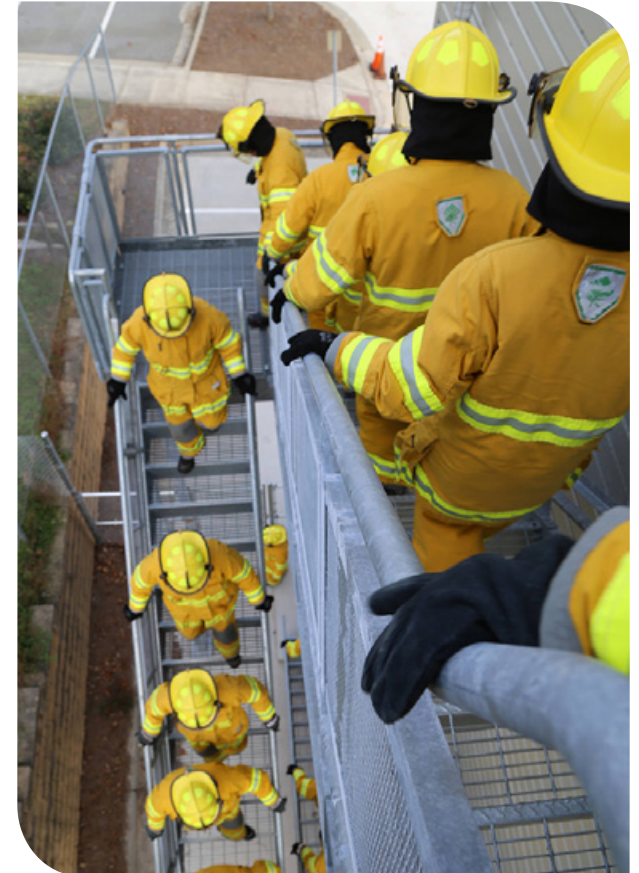
*U.S. dollars invested in mutual funds with only international holdings do not expose the County to foreign currency risk.

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, 2017, the OPEB Trust Fund had \$137,829,000 invested in the following types of investments (dollars in thousands) as categorized by credit risk:

Investment	Fair Value	Credit Quality
U.S. treasury bonds	\$ 8,255	AA
Asset-backed securities	931	AAA
Asset-backed securities	171	AA
Asset-backed securities	143	BBB
Asset-backed securities	3	B
Asset-backed securities	528	—
U.S. government agencies	4,050	AA
U.S. government agencies	438	—
Commercial mortgage-backed securities	169	AAA
Commercial mortgage-backed securities	286	AA
Commercial mortgage-backed securities	102	A
Commercial mortgage-backed securities	551	—
Corporate bonds	85	AAA
Corporate bonds	316	AA
Corporate bonds	1,592	A
Corporate bonds	4,815	BBB
Corporate bonds	21	BB
Corporate bonds	140	—
Collateralized mortgage obligations	112	AAA
Collateralized mortgage obligations	1,501	AA
Collateralized mortgage obligations	8	A
Collateralized mortgage obligations	80	BBB
Collateralized mortgage obligations	248	—
Corporate equities	79,290	—
International equities	23,271	—
Preferred stock	10	A
Preferred stock	85	BBB
Global fixed income	263	AAA
Global fixed income	208	A
Global fixed income	2,081	BBB
Global fixed income	101	BB
Global fixed income	7,975	—
Total	<u>\$ 137,829</u>	

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, 2017, 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, 2017, the OPEB Trust Fund had \$137,829,000 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	\$ 8,255	10.29
Asset-backed securities	1,776	4.14
U.S. government agencies	4,488	18.32
Commercial mortgage-backed securities	1,108	29.85
Corporate bonds	6,969	13.97
Collateralized mortgage obligations	1,949	18.48
Corporate equities	79,290	—
International equities	23,271	—
Preferred stock	95	32.6
Global fixed income	10,628	—
Total investments measured at fair value	\$ 137,829	

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 market 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, 2017, the Fixed Income Assets had an effective duration of 5.99 years compared to the Barclays Capital U.S. Aggregate of 5.89 years. The weighted average yield to maturity of the Portfolio was 3.17 percent compared to the Barclays Aggregate of 2.72 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 observable inputs.

As of December 31, 2017, 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	8,255	–	–	8,255
Asset-backed securities	–	1,776	–	1,776
U.S. government agencies	–	4,488	–	4,488
Commercial mortgage-backed securities	–	1,108	–	1,108
Corporate bonds	–	6,969	–	6,969
Collateralized mortgage obligations	–	1,949	–	1,949
Corporate equities	73,598	–	5,692	79,290
International equities	23,271	–	–	23,271
Preferred stock	–	95	–	95
Global fixed income	6,226	4,402	–	10,628
Total investments measured at fair value	\$ 111,350	\$ 20,787	\$ 5,692	\$ 137,829

The U.S. treasury bonds, corporate equities, international equities, 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, preferred stock, and global fixed income 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 investments in corporate equities classified as Level 3 on the fair value hierarchy represent shares held in funds which are not activity traded and these investments are valued using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the shares.

Foreign Currency Risk – At December 31, 2017, \$23,271,000, or 16.9 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:

Investment	Amount
Australian dollar	\$ 199
British pound	9,513
Canadian dollar	1,256
Swiss Franc	751
Euro	203
U.S. dollars invested in a mutual fund with only international holdings*	11,349
Total	\$ 23,271

**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, 2017, upon which the 2017 levy was based, was the taxable assessed value of \$29,166,255,110 (40 percent of the estimated actual taxable value of \$72,915,637,775).

The County's 2017 millage rate of 13.51 mills includes a rate of 7.40 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 2017 were due in a single installment on October 15.

Levy date	January 1, 2017
Tax bills mailed by	August 15, 2017
Payment due date	October 15, 2017
Delinquency date	October 16, 2017
Approximate lien date	January 19, 2018

**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.

Allowances For Uncollectible Receivables

Allowances for uncollectible receivables at December 31, 2017, were as follows (in thousands of dollars):

Taxes receivable:

General Fund	\$ 1,159
Fire and EMS District	472
Development and Enforcement Services District	31
Police Services District	180
Other Governmental Funds	202
	<hr/>
	\$ 2,044
	<hr/>

Accounts receivable:

Fire and EMS District	\$ 4,135
Water and Sewerage Fund	1,601
Stormwater Fund	224
Other Enterprise Funds	135
	<hr/>
	\$ 6,095
	<hr/>

NOTE 6.

Due From/To Other Governments

The total amount due from other governments as of December 31, 2017, is \$59,346,000. A total of \$36,321,000 is due from the state of Georgia for insurance premium tax collected by the state in 2017 but not yet paid to the County. This amount was estimated using the amount received for 2017 and adjusting it for projected population growth or decline. A total of \$15,849,000 is due from the state for sales tax. The majority of the remaining \$7,176,000 is due from various grant agencies.

The total amount due to other governments as of December 31, 2017, is \$63,000 due to the cities for E-911 expenditures.

NOTE 7.

Capital Assets

The County's capital asset activity for the year ended December 31, 2017, was as follows (in thousands of dollars):

Primary Government

	Balance January 1, 2017*	Increases	Decreases	Balance December 31, 2017
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 690,707	10,821	1,646	699,882
Construction in progress	74,050	87,907	88,163	73,794
Total capital assets, not being depreciated	764,757	98,728	89,809	773,676
Capital assets, being depreciated:				
Land Improvements	503,499	27,679	123	531,055
Buildings	763,974	19,300	491	782,783
Equipment	199,958	11,599	3,978	207,579
Vehicles	116,862	12,482	10,868	118,476
Infrastructure	1,128,920	24,972	—	1,153,892
Total capital assets, being depreciated	2,713,213	96,032	15,460	2,793,785
Less accumulated depreciation for:				
Land Improvements	164,534	17,801	17	182,318
Buildings	235,585	18,131	284	253,432
Equipment	153,904	15,115	3,075	165,944
Vehicles	69,462	13,210	10,603	72,069
Infrastructure	378,460	27,571	—	406,031
Total accumulated depreciation	1,001,945	91,828	13,979	1,079,794
Total capital assets, being depreciated, net	1,711,268	4,204	1,481	1,713,991
Governmental-type activities capital assets, net	\$ 2,476,025	102,932	91,290	2,487,667

*See [Note 1 \(W\)](#) for discussion of a restatement which reduced capital assets as of December 31, 2016.

Governmental Activities:

General government	\$	8,397
Public safety		19,014
Judiciary		4,419
Public works		36,915
Health and Welfare		371
Culture and recreation		21,799
Housing and development		913
Total depreciation expense – governmental activities	\$	91,828

		Balance January 1, 2017	Increases	Decreases	Balance December 31, 2017
Business-type Activities:					
Capital assets, not being depreciated:					
Land	\$	71,384	4,638	–	76,022
Construction in progress		132,875	117,363	159,495	90,743
Total capital assets, not being depreciated		204,259	122,001	159,495	166,765
Capital assets, being depreciated:					
Buildings		855,883	10,595	34	866,444
Improvements		3,314,304	131,009	13,944	3,431,369
Equipment		567,871	59,622	5,501	621,992
Vehicles		58,632	3,434	14,694	47,372
Infrastructure		5,656	1,984	–	7,640
Total capital assets, being depreciated		4,802,346	206,644	34,173	4,974,817
Less accumulated depreciation for:					
Buildings		205,588	19,873	15	225,446
Improvements		751,964	51,741	5,846	797,859
Equipment		328,641	37,489	5,188	360,942
Vehicles		33,664	3,504	6,055	31,113
Infrastructure		952	245	–	1,197
Total accumulated depreciation		1,320,809	112,852	17,104	1,416,557
Total capital assets, being depreciated, net		3,481,537	93,792	17,069	3,558,260
Business-type activities capital assets, net	\$	3,685,796	215,793	176,564	3,725,025

Business-Type Activities:

Water and sewer	\$	93,485
Airport		454
Solid waste		284
Stormwater		15,908
Transit		2,721
Total depreciation expense – business-type activities	\$	<u>112,852</u>

Construction and Other Commitments

The County has active construction projects and other commitments as of December 31, 2017. At year-end the County's commitments with contractors were as follows (in thousands of dollars):

Contract value	\$	8,868,533
Spent-to-date		<u>4,932,558</u>
Remaining commitments	\$	<u>3,935,975</u>



NOTE 8.

Long-Term Obligations

The following is a summary of changes in long-term obligations for the year ended December 31, 2017 (in thousands of dollars):

Governmental Activities:	January 1, 2017	Additions	Retirements	December 31, 2017	Amounts due within one year
General obligation bonds	\$ 11,975	—	(3,865)	8,110	3,960
Amounts for issuance premiums	448	—	(286)	162	—
Total bonds payable	12,423	—	(4,151)	8,272	3,960
Lease payable	81,435	29,785	(33,045)	78,175	3,430
Accumulated leave benefits	22,092	20,252	(16,373)	25,971	20,267
Estimated claims payable	10,816	31,523	(29,870)	12,469	6,129
Net pension liability	275,812	—	(58,277)	217,535	—
Total governmental activity long-term liabilities	\$ 402,578	81,560	(141,716)	342,422	33,786
Business-Type Activities:					
Revenue bonds	\$ 691,950	—	(67,940)	624,010	69,900
Amounts for issuance premiums	17,596	—	(3,376)	14,220	—
Total bonds payable	709,546	—	(71,316)	638,230	69,900
Notes payable	42,691	—	(2,708)	39,983	2,791
Accumulated leave benefits	2,970	2,756	(2,153)	3,573	2,305
Net pension liability	37,714	—	(7,594)	30,120	—
Total business-type activity long-term liabilities	\$ 792,921	2,756	(83,771)	711,906	74,996

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, \$3,233,000 of internal service fund accumulated leave benefits and \$12,469,000 of internal service fund claims payable were included in the preceding table.

For governmental funds, accumulated leave benefits and the net pension 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 and the net pension 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, 2017, 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	14,445	8,110
					\$ 22,555	\$ 14,445	\$ 8,110

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, 2017, 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	179,615	10,385
2009A Water and Sewerage	1.87 – 4.0	2/1 – 8/1	10/22/09	8/1/28	235,575	81,055	154,520
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	44,815	118,800
2015 Water and Sewerage Refunding	1.74	2/1 – 8/1	8/3/15	8/1/22	127,215	62,335	64,880
2016A Water and Sewerage Refunding	1.69	2/1 – 8/1	5/9/16	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	3,380	105,480
					\$ 995,210	\$ 371,200	624,010
							14,220
							\$ 638,230

Premiums

Net Business-Type Bonds Outstanding

The annual requirements to amortize bonds payable as of December 31, 2017, excluding unamortized bond premiums of 14,382,000 were as follows (in thousands of dollars):

Year Ended December	General Obligation		Business-Type Revenue		Total
	Principal	Interest	Principal	Interest	
2018	3,960	287	69,900	19,896	94,043
2019	4,150	104	56,300	17,650	78,204
2020	—	—	58,015	15,923	73,938
2021	—	—	59,820	14,126	73,946
2022	—	—	61,655	12,285	73,940
2023 – 2027	—	—	264,140	32,070	296,210
2028 – 2029	—	—	54,180	3,235	57,415
Total	\$ 8,110	\$ 391	\$ 624,010	\$ 115,185	\$ 747,696

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	03/01 – 09/01	08/30/07	09/01/27	\$ 12,000	\$ 4,755	\$ 7,245
2008 Stadium	5.4 – 6.6	01/01 – 07/01	04/01/08	01/01/38	33,000	32,270	730
2010 Arena Refunding Bonds	2.0 – 5.0	03/01 – 09/01	11/09/10	09/01/31	52,660	12,245	40,415
2017 Stadium Refunding Bonds	2.0 – 3.5	01/01 – 07/01	01/26/17	01/01/38	29,785	—	29,785
Subtotal					\$ 127,445	\$ 49,270	\$ 78,175
Premium							2,820
Total							\$ 80,995

The Development Authority (a discretely presented component unit) issued \$12 million in fixed-rate revenue bonds on August 30, 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% to 3.50% 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 a present value savings, or economic gain, of \$8,290,352. The refunded bonds are considered defeased and thus the assets in the trust fund along with the \$29,785,000 in outstanding refunded bonds at December 31, 2017 are not reported in the Authority's financial statements.

The estimated annual requirements to amortize the bonds payable as of December 31, 2017, were as follows (in thousands of dollars):

Development Authority Revenue Bonds Annual Requirements

Year Ended December 31	Principal	Interest	Total Debt Service
2018	3,430	3,157	6,587
2019	3,955	2,987	6,942
2020	4,110	2,823	6,933
2021	4,280	2,651	6,931
2022	4,440	2,496	6,936
2023 – 2027	25,170	9,565	34,735
2028 – 2032	21,825	4,323	26,148
2033 – 2037	8,975	1,146	10,121
2038	1,990	35	2,025
Total	\$ 78,175	\$ 29,183	\$ 107,358

The County is absolutely and unconditionally obligated under the terms of an intergovernmental contract relating to the bonds dated April 1, 2001, and amended December 1, 2010, with the restructuring of the same bonds to pay debt service on the 2001 bonds, including principal and interest. 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. The bonds were issued to finance an expansion of the existing Infinite Energy Center.

The County has also entered into capital leases for a parking garage at the Infinite Energy Center and the stadium (Coolray Field). The projects were financed with the 2007 and 2008 bonds, which were partially refunded in 2017, previously described and are leased at cost with lease repayment terms mirroring the required debt service on the bonds.

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

	Cost	Accumulated Depreciation	Book Value
Land	\$ 5,000	\$ –	\$ 5,000
Site improvements	18,833	(5,430)	13,403
Buildings	147,997	(41,832)	106,165
Equipment	2,872	(2,489)	383

The amortization expense for fiscal year 2017 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, 2017, \$66,255,000 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, 2017, \$105,100,000 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, 2017, \$123,730,000 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 had a principal amount of \$145,990,000 and the date of issuance was May 19, 2016. The debt service savings began in 2016. At December 31, 2017, \$134,315,000 of the outstanding 2008 revenue bonds were considered defeased.

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, 2017 was \$2,916,626,000. At that date, amounts available in the Debt Service Fund of \$15,988,000 totaled \$7,878,000 more than the amount of debt outstanding, which means the County has used none of its legal debt limitation of \$2,916,626,000.

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. Management believes the County is in compliance with all such significant financial limitations and restrictions.

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, 2017, were as follows (in thousands of dollars):

Enterprise Funds	Interest Rates %	Interest Dates	Maturity Dates	Notes Payable January 1, 2017	Additions	Retirements	Notes Payable December 31, 2017
GEFA (CW4005PA)	3.00	Monthly	11/1/28	\$ 36,781	\$ —	\$ (2,383)	\$ 34,398
GEFA (CW03-002NP)	3.00	Monthly	4/1/31	4,207	—	(237)	3,970
GEFA (09-055)	3.00	Monthly	6/1/32	1,703	—	(88)	1,615
				\$ 42,691	\$ —	\$ (2,708)	\$ 39,983

The annual requirements to pay the notes outstanding at December 31, 2017, including interest of approximately \$7,793,000 were as follows (in thousands of dollars):

Year Ended December 31	Principal	Interest	Total
2018	2,791	1,161	3,952
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 – 2027	17,229	2,534	19,763
2028 – 2032	7,923	328	8,251
Total	\$ 39,983	\$ 7,793	\$ 47,776

Operating Lease Commitments

The County leases certain equipment under operating leases. Rental expenses for all operating leases totaled \$5,541,683 for the year ended December 31, 2017. There were no significant future minimum rental payments, contingent rentals, or sublease rentals associated with leases in effect at December 31, 2017.

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 37 series of industrial development bonds issued from January 1, 1996 to December 31, 2017, totaling \$961,203,849. The total amount of those bonds outstanding as of December 31, 2017, was \$772,477,588.

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, 2017, are as follows (in thousands of dollars):

DUE TO	DUE FROM	
	Non-major Governmental	Total
General	\$ 439	\$ 439
Total	\$ 439	\$ 439

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, 2017, 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	Internal Service Funds	
General	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 165	\$ —	\$ 165
Fire and EMS District	5,830	—	—	—	—	—	—	5,830
Police Services District	2,915	—	—	—	—	—	—	2,915
Other Capital	21,286	14,302	17,973	—	6,364	—	301	60,226
Non-major Governmental	815	12	—	—	1,991	—	—	2,818
Non-major Enterprise	12,755	—	—	—	—	—	—	12,755
Internal Service	—	—	—	12	—	—	—	12
Total	\$ 43,601	\$ 14,314	\$ 17,973	\$ 12	\$ 8,355	\$ 165	\$ 301	\$ 84,721

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.

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 and reservists police and sheriff liability with a limit of \$1,000,000, respectively; 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. Settlement claims have not exceeded self-funded coverage in the past three fiscal years; therefore, the County has not had to use the excess coverage policy.

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, 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
2017	\$ 8,660,000	\$ 7,695,000	\$ 7,120,000	\$ 9,235,000
2016	6,617,000	7,910,000	5,867,000	8,660,000

At December 31, 2017, the Risk Management Fund held \$6,550,000 in cash and cash equivalents and the Auto Liability Fund held \$341,000 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 2017 and 2016 were as follows:

Fiscal Year	Beginning of Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2017	\$ 2,156,000	\$ 23,828,000	\$ 22,750,000	\$ 3,234,000
2016	1,920,000	20,004,000	19,768,000	2,156,000

2017 Claims for Active Employees:

In 2017, there were 1,679 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, 2017, were as follows (in thousands of dollars):

1,679 Active Employees Electing Medical Coverage

Administrative Costs	\$ 1,077
Stop Loss Insurance	638
Claims Experience	22,750
Total	<u>\$ 24,465</u>

In 2017, there were 2,391 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, 2017, were as follows (in thousands of dollars):

2,391 Active Employees Electing Medical Coverage

Fully Insured Premium	\$	22,996
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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.

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. Empower Retirement 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 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, 2017, the following employees were covered by the benefit terms:

Plan Membership as of January 1, 2017

Inactive members or beneficiaries currently receiving benefits	2,200
Inactive members entitled to but not yet receiving benefits	833
Active members	1,425
Total	4,458

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, 2017 plan year, the recommended contribution for the County was set at \$37,944,702, and the County contributed \$38,366,000. The actuarially determined contribution for employees was \$6,668,311.

Net Pension Liability

The County’s net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017 with update procedures performed by the actuary to roll forward the total pension liability measured as of December 31, 2017.

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, 2017 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 4.0 percent inflation
Investment rate of return	7.00 percent, net of pension plan investment expense, including 3.0 percent 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, 2017 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:

Asset Class	Target Allocation	Annual Return Assumption
U.S. large cap equities	30.0%	7.1%
U.S. mid cap equities	7.5%	7.6%
U.S. small cap equities	7.5%	7.8%
International	10.0%	9.0%
Global allocation	10.0%	7.9%
Real estate	5.0%	7.1%
Emerging markets	5.0%	8.8%
U.S. fixed income	20.0%	2.3%
Global fixed income	5.0%	2.0%
Cash	0.0%	2.1%
Total	100%	

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flow used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the County will contribute the actuarially determined amount in subsequent years. 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, 2016	\$ 1,239,376,761	\$ 925,851,000	\$ 313,525,761
Changes for the year:			
Service cost	12,020,213	—	12,020,213
Interest	85,243,898	—	85,243,898
Difference between expected and actual experience	21,474,452	—	21,474,452
Contributions – employer	—	38,366,000	(38,366,000)
Contributions – employee	—	6,441,000	(6,441,000)
Net investment income	—	140,526,000	(140,526,000)
Benefit payments, including refunds of employee contributions	(67,254,000)	(67,254,000)	—
Administrative expense	—	(724,000)	724,000
Net changes	51,484,563	117,355,000	(65,870,437)
Balances at December 31, 2017	\$ 1,290,861,324	\$ 1,043,206,000	\$ 247,655,324

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	\$ 398,477,692	\$ 247,655,324	\$ 120,999,966

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

For the year ended December 31, 2017, the County recognized pension expense of \$68,346,863. The following table provides a summary of the deferred inflows and outflows related to pensions as of December 31, 2017 (the measurement date):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,672,079	\$ —
Changes of assumptions	—	—
Net difference between projected and actual earnings on plan investments	—	27,629,005
Total	\$ 10,672,079	\$ 27,629,005

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
2018	\$ 11,570,689
2019	898,610
2020	(14,120,742)
2021	(15,305,483)
Thereafter	—

B. Defined Contribution Pension Plan

The Gwinnett County Defined Contribution Pension Plan (the “DC Plan”) is a defined contribution pension 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 Empower Retirement. On December 31, 2017, there were 3,747 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, 2017, the amount contributed by employees was \$6,735,310. The amount contributed by the County was \$13,841,528. 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 Empower Retirement. 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 2017, the County contributed \$420,265 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.

Other Post-Employment Benefits

A. 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.

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. Medicare Eligible retirees and former employees who are Medicare Eligible are offered Medicare Advantage plans. 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

Fund Membership

The following schedule (derived from the most recent actuarial valuation report) reflects membership in the OPEB Plan as of January 1, 2018:

Active participants	4,733
Retirees and beneficiaries	<u>2,185</u>
Total	<u><u>6,918</u></u>

B. Contributions

In 2017, Gwinnett County contributed an actuarially determined amount to the OPEB 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.

Schedule of Employer Cost and Contributions (in thousands of dollars)

Fiscal Year	Annual OPEB Cost	Actual County Contribution	Percentage of AOPEBC Contributed	Net OPEB Asset End of Year
2017	9,001	10,212	113.45%	38,107
2016	9,985	13,257	132.77%	36,896
2015	9,420	11,587	123.01%	33,624

The County's annual OPEB cost and net OPEB asset for the 2017 fiscal year were as follows:

Employer annual required contribution	\$ 9,521,287
Interest on net OPEB asset	(2,582,689)
Adjustment	<u>2,062,451</u>
Annual OPEB cost	9,001,049
Employer actual contributions to plan	10,212,000
Less: annual OPEB cost	<u>9,001,049</u>
Increase in net OPEB asset	1,210,951
Net OPEB asset, beginning of fiscal year	<u>36,895,554</u>
Net OPEB asset, end of fiscal year	<u><u>\$ 38,106,505</u></u>

C. OPEB Plan

As of the most recent valuation date, January 1, 2018, the funded status of the OPEB Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2018	\$ 135,506,154	\$ 203,756,704	\$ 68,250,550	66.50%	\$ 260,420,086	26.21%

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 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 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:

Actuarial Methods and Assumptions:

Valuation date	January 1, 2018
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	27 years
Asset valuation method	Five-year smoothed fair value
Actuarial assumptions:	
Investment rate of return*	7.00%
Medical cost trend rate:	
Pre-Medicare rate*	5.00% – 7.75%
Ultimate trend rate*	5.00%
Year of ultimate trend rate	2024
Post-Medicare rate*	5.00% – 5.75%
Ultimate trend rate*	5.00%
Year of ultimate trend rate	2021

* Includes inflation at 3.00%

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, 2017, 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
Nonspendable:									
Inventories	\$ 1,159	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 155	\$ 1,314
Prepaid items	713	68	344	—	—	6	—	19	1,150
Restricted for:									
Capital projects	—	—	—	157,991	140,742	191,287	83,468	—	573,488
Debt service	—	—	—	—	—	—	—	15,988	15,988
Special programs:									
Street lighting	—	—	—	—	—	—	—	2,251	2,251
Speed humps	—	—	—	—	—	—	—	1,254	1,254
Document printing	—	—	—	—	—	—	—	2,753	2,753
Juvenile court supervision	—	—	—	—	—	—	—	126	126
Tourism	—	—	—	—	—	—	—	10,070	10,070
Stadium operations	—	—	—	—	—	—	—	1,370	1,370
Law enforcement – sheriff	—	—	—	—	—	—	—	1,047	1,047
Law enforcement – police	—	—	—	—	—	—	—	3,459	3,459
Crime victims assistance	—	—	—	—	—	—	—	853	853
Law enforcement – district attorney	—	—	—	—	—	—	—	180	180
Corrections inmate welfare	—	—	—	—	—	—	—	310	310
Sheriff inmate store	—	—	—	—	—	—	—	3,111	3,111
E-911 services	—	—	—	—	—	—	—	25,575	25,575
Loganville EMS district	—	—	—	—	—	—	—	740	740
Development and enforcement services district	—	—	—	—	—	—	—	10,119	10,119
Recreation district	—	—	—	—	—	—	—	19,610	19,610
Jimmy Carter Boulevard tax allocation district	—	—	—	—	—	—	—	2,958	2,958
Indian Trail tax allocation district	—	—	—	—	—	—	—	950	950
Park Place tax allocation district	—	—	—	—	—	—	—	127	127
Grants	—	—	—	—	—	—	—	2,152	2,152
Fire and EMS district	—	52,702	—	—	—	—	—	—	52,702
Police services district	—	—	65,231	—	—	—	—	—	65,231
Committed to:									
Tree replacement	—	—	—	—	—	—	—	301	301
Assigned to:									
General fund – 2018 budget: appropriation of fund balance	36,424	—	—	—	—	—	—	—	36,424
Capital projects:									
Fire and EMS district	—	—	—	25,287	—	—	—	—	25,287
Recreation district	—	—	—	4,222	—	—	—	—	4,222
Police services district	—	—	—	36,352	—	—	—	—	36,352
Development and enforcement services district	—	—	—	3,897	—	—	—	—	3,897
General government projects	—	—	—	42,231	—	—	—	—	42,231
Unassigned	115,871	—	—	—	—	—	—	—	115,871
Total fund balances	\$ 154,167	\$ 52,770	\$ 65,575	\$ 269,980	\$ 140,742	\$ 191,293	\$ 83,468	\$ 105,478	\$ 1,063,473

B. Net Position

Net position in the governmentwide statements as of December 31, 2017, was as follows (in thousands of dollars):

Net Position	Governmental Activities	Business-type Activities	Total
Net investment in capital assets	\$ 2,396,352	\$ 3,059,003	\$ 5,455,355
Restricted for:			
Capital projects:			
2009 sales tax capital project fund	140,742	—	140,742
2014 sales tax capital project fund	191,293	—	191,293
2017 sales tax capital project fund	83,468	—	83,468
Fire and EMS district	35,674	—	35,674
Recreation district	5,956	—	5,956
Police services district	51,284	—	51,284
Development and enforcement services district	5,498	—	5,498
General government projects	59,579	—	59,579
Debt service	16,029	32,970	48,999
Special programs:			
Street lighting	2,460	—	2,460
Speed humps	1,257	—	1,257
Document printing	2,753	—	2,753
Juvenile court supervision	126	—	126
Tourism	10,070	—	10,070
Stadium operations	1,370	—	1,370
Law enforcement – sheriff	1,047	—	1,047
Law enforcement – police	3,462	—	3,462
Crime victims assistance	853	—	853
Law enforcement – district attorney	180	—	180
Corrections inmate welfare	310	—	310
Sheriff inmate store	3,111	—	3,111
E-911 services	25,575	—	25,575
Loganville EMS district	740	—	740
Development and enforcement services district	10,227	—	10,227
Recreation district	20,286	—	20,286
Jimmy Carter Boulevard tax allocation district	2,987	—	2,987
Indian Trail tax allocation district	957	—	957
Park Place tax allocation district	131	—	131
Grants	2,152	—	2,152
Fire and EMS district	58,005	—	58,005
Police services district	102,496	—	102,496
Unrestricted	116,140	363,472	479,612
Total net position	\$ 3,352,570	\$ 3,455,445	\$ 6,808,015

NOTE 15.

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, 2017, the County abated property taxes totaling \$517,263 under this program.



NOTE 16.

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.

NOTE 17.

Subsequent Event

On May 22, 2018, the Gwinnett County Board of Commissioners adopted a resolution to approve the issuance of the Development Authority (Authority) of Gwinnett County's taxable revenue bonds (Gwinnett Center Expansion and Parking Deck Project), Series 2018 for the purpose of financing the costs of constructing a conference center and a parking deck. The resolution states: the amount of the bonds shall not exceed \$100,000,000 pursuant to a competitive bid process; the interest rate shall not exceed 6.0 percent per annum; the bonds must mature no later than September 1, 2048; and the maximum amount of principal and interest to be paid in any calendar year shall not exceed \$7,850,000. In accordance with the Bond Resolution adopted by the Authority's Board of Directors on May 21, 2018, the County and the Authority will enter into an Intergovernmental Contract to be dated August 1, 2018, under the terms of which the County will agree to make payments to the Authority in amounts sufficient to enable to the Authority to pay the principal and interest on the bonds when due.

DID YOU KNOW

Button Gwinnett's signature is among the most valuable to collectors since fewer than 30 are known to exist. A Gwinnett signature most recently sold for \$800,000.

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)

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined employer contribution	\$ 37,945	28,036	33,636	38,713	37,281	36,181	37,563	27,506	22,919	28,037
Actual county contributions	38,366	28,036	33,636	48,713	57,281	55,181	64,063	60,947	37,535	28,828
Annual contribution deficiency (excess)	\$ (421)	—	—	(10,000)	(20,000)	(19,000)	(26,500)	(33,441)	(14,616)	(791)
Covered payroll	\$ 94,048	97,303	104,557	109,082	110,766	116,610	128,215	132,626	164,392	167,233
Actual contributions as a percentage of covered payroll	40.79%	28.81%	32.17%	44.66%	51.71%	47.32%	49.97%	45.95%	22.83%	17.24%

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, 2016
Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar
Amortization period	Closed
Remaining amortization period	17 years
Asset valuation method	Five-year smoothed fair 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

Required Supplementary Information Schedule of Funding Progress (unaudited) (in thousands of dollars)

Actuarial Valuation Date (1/1)	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) – (1)	(5) Annual Covered Payroll (Prior year)	(6) UAAL as a Percentage of Covered Payroll (4)/(5)
2018	\$ 135,506	\$ 203,757	66.5%	\$ 68,251	\$ 260,420	26.2%
2017	\$ 128,247	\$ 182,441	70.3%	\$ 54,194	\$ 240,315	22.6%
2016	\$ 120,923	\$ 185,037	65.4%	\$ 64,114	\$ 224,112	28.6%

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

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

Modern Gwinnett was first part of Franklin County, which was the first county established in Georgia in 1784 after the American Revolution.

GOVERNMENTAL FUNDS



NON-MAJOR GOVERNMENTAL FUNDS

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 Funds

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.

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

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, 2017

(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	Police Special State	Crime Victims Assistance
ASSETS:													
Cash and cash equivalents	\$ 1,511	502	2,753	126	301	9,737	1,288	324	503	303	763	2,725	891
Investments	1,293	776	—	—	—	—	—	—	—	—	—	—	—
Receivables, net of allowance:													
Taxes	247	4	—	—	—	—	—	—	—	—	—	—	—
Accounts	—	—	—	—	—	793	82	—	—	—	—	—	19
Due from other governments	—	—	—	—	—	—	—	—	—	—	—	—	—
Inventories	—	—	—	—	—	—	—	—	—	—	—	—	—
Prepaid items	—	—	—	—	—	—	—	—	—	—	3	—	—
Total assets	\$ 3,051	1,282	2,753	126	301	10,530	1,370	324	503	303	766	2,725	910
LIABILITIES:													
Accounts payable	\$ 587	25	—	—	—	460	—	—	83	—	—	29	3
Due to other governments	—	—	—	—	—	—	—	—	—	—	—	—	—
Payroll payable	4	—	—	—	—	—	—	—	—	—	—	—	54
Retainage payable	—	—	—	—	—	—	—	—	—	—	—	—	—
Due to other funds	—	—	—	—	—	—	—	—	—	—	—	—	—
Due to others	—	—	—	—	—	—	—	—	—	—	—	—	—
Total liabilities	591	25	—	—	—	460	—	—	83	—	—	29	57
DEFERRED INFLOWS OF RESOURCES:													
Unavailable revenue – property taxes	209	3	—	—	—	—	—	—	—	—	—	—	—
Total deferred inflows of resources	209	3	—	—	—	—	—	—	—	—	—	—	—
FUND BALANCES:													
Nonspendable	—	—	—	—	—	—	—	—	—	—	3	—	—
Restricted	2,251	1,254	2,753	126	—	10,070	1,370	324	420	303	763	2,696	853
Committed	—	—	—	—	301	—	—	—	—	—	—	—	—
Total fund balances	2,251	1,254	2,753	126	301	10,070	1,370	324	420	303	766	2,696	853
Total liabilities, deferred inflows of resources and fund balances	\$ 3,051	1,282	2,753	126	301	10,530	1,370	324	503	303	766	2,725	910

Non-major Special Revenue Funds														
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	Grant	Total Non-major Special Revenue Funds	Debt Service	Total Other Governmental Funds
297	37	312	3,135	7,712	226	3,231	9,484	2,958	950	127	—	50,196	15,988	66,184
—	—	—	—	18,473	514	7,168	11,159	—	—	—	—	39,383	—	39,383
—	—	—	—	—	—	164	772	29	7	4	—	1,227	41	1,268
—	—	—	—	55	—	27	37	—	—	—	—	1,013	—	1,013
—	—	—	—	207	—	—	—	—	—	—	3,935	4,142	—	4,142
—	—	—	—	—	—	—	155	—	—	—	—	155	—	155
—	—	—	—	—	—	—	16	—	—	—	—	19	—	19
<u>297</u>	<u>37</u>	<u>312</u>	<u>3,135</u>	<u>26,447</u>	<u>740</u>	<u>10,590</u>	<u>21,623</u>	<u>2,987</u>	<u>957</u>	<u>131</u>	<u>3,935</u>	<u>96,135</u>	<u>16,029</u>	<u>112,164</u>
154	—	2	24	432	—	37	641	—	—	—	846	3,323	—	3,323
—	—	—	—	63	—	—	—	—	—	—	—	63	—	63
—	—	—	—	377	—	294	696	—	—	—	58	1,483	—	1,483
—	—	—	—	—	—	—	—	—	—	—	26	26	—	26
—	—	—	—	—	—	—	—	—	—	—	439	439	—	439
—	—	—	—	—	—	32	—	—	—	—	414	446	—	446
<u>154</u>	<u>—</u>	<u>2</u>	<u>24</u>	<u>872</u>	<u>—</u>	<u>363</u>	<u>1,337</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,783</u>	<u>5,780</u>	<u>—</u>	<u>5,780</u>
—	—	—	—	—	—	108	505	29	7	4	—	865	41	906
—	—	—	—	—	—	108	505	29	7	4	—	865	41	906
—	—	—	—	—	—	—	171	—	—	—	—	174	—	174
143	37	310	3,111	25,575	740	10,119	19,610	2,958	950	127	2,152	89,015	15,988	105,003
—	—	—	—	—	—	—	—	—	—	—	—	301	—	301
<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>2,152</u>	<u>89,490</u>	<u>15,988</u>	<u>105,478</u>
<u>297</u>	<u>37</u>	<u>312</u>	<u>3,135</u>	<u>26,447</u>	<u>740</u>	<u>10,590</u>	<u>21,623</u>	<u>2,987</u>	<u>957</u>	<u>131</u>	<u>3,935</u>	<u>96,135</u>	<u>16,029</u>	<u>112,164</u>

OTHER GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES,

Year Ended December 31, 2017

(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	Police Special State	Crime Victims Assistance
REVENUES:													
Taxes	\$ —	—	—	—	—	10,421	998	—	—	—	—	—	—
Permits and licenses	—	—	—	—	67	—	—	—	—	—	—	—	—
Intergovernmental	—	—	—	—	—	—	400	—	—	—	—	—	—
Charges for services	7,257	121	636	64	—	1	1,025	—	—	—	—	—	—
Fines and forfeitures	—	—	—	—	—	—	—	74	224	83	36	542	751
Investment earnings	12	9	2	—	—	47	—	—	—	—	—	—	9
Miscellaneous	41	—	—	—	—	—	—	—	—	10	1	2	2
Total revenues	<u>7,310</u>	<u>130</u>	<u>638</u>	<u>64</u>	<u>67</u>	<u>10,469</u>	<u>2,423</u>	<u>74</u>	<u>224</u>	<u>93</u>	<u>37</u>	<u>544</u>	<u>762</u>
EXPENDITURES:													
Current operating:													
Public safety	—	—	—	—	—	—	—	—	—	—	277	296	—
Judiciary	—	—	—	53	—	—	—	25	27	18	—	—	1,062
Public works	7,195	159	—	—	—	—	—	—	—	—	—	—	—
Culture and recreation	—	—	—	—	—	—	—	—	—	—	—	—	—
Housing and development	—	—	—	—	—	—	—	—	—	—	—	—	—
Tourism	—	—	—	—	—	3,318	—	—	—	—	—	—	—
Development authority	—	—	—	—	—	4,926	4,142	—	—	—	—	—	—
Grant programs	—	—	—	—	—	—	—	—	—	—	—	—	—
Capital outlay	—	—	—	—	—	—	—	—	172	—	49	39	—
Debt service	—	—	—	—	—	—	—	—	—	—	—	—	—
Intergovernmental	—	—	—	—	—	—	—	—	—	—	—	—	—
Total expenditures	<u>7,195</u>	<u>159</u>	<u>—</u>	<u>53</u>	<u>—</u>	<u>8,244</u>	<u>4,142</u>	<u>25</u>	<u>199</u>	<u>18</u>	<u>326</u>	<u>335</u>	<u>1,062</u>
Revenues in excess of (less than) expenditures	<u>115</u>	<u>(29)</u>	<u>638</u>	<u>11</u>	<u>67</u>	<u>2,225</u>	<u>(1,719)</u>	<u>49</u>	<u>25</u>	<u>75</u>	<u>(289)</u>	<u>209</u>	<u>(300)</u>
OTHER FINANCING SOURCES (USES):													
Transfers in	—	—	—	—	—	—	1,991	—	—	—	—	—	—
Transfers out	—	—	—	—	(13)	(1,991)	—	—	—	—	(164)	(27)	—
Other financing sources (uses), net	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(13)</u>	<u>(1,991)</u>	<u>1,991</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(164)</u>	<u>(27)</u>	<u>—</u>
Net change in fund balances	115	(29)	638	11	54	234	272	49	25	75	(453)	182	(300)
Fund balances – January 1	<u>2,136</u>	<u>1,283</u>	<u>2,115</u>	<u>115</u>	<u>247</u>	<u>9,836</u>	<u>1,098</u>	<u>275</u>	<u>395</u>	<u>228</u>	<u>1,219</u>	<u>2,514</u>	<u>1,153</u>
Fund balances – December 31	<u>\$ 2,251</u>	<u>1,254</u>	<u>2,753</u>	<u>126</u>	<u>301</u>	<u>10,070</u>	<u>1,370</u>	<u>324</u>	<u>420</u>	<u>303</u>	<u>766</u>	<u>2,696</u>	<u>853</u>

EXPENDITURES, AND CHANGES IN FUND BALANCES

Non-major Special Revenue Funds														
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	Grant	Total Non- major Special Revenue Funds	Debt Service	Total Other Governmental Funds
—	—	—	—	1	—	7,193	30,397	1,238	528	60	—	50,836	839	51,675
—	—	—	—	—	—	3,958	—	—	—	—	—	4,025	—	4,025
—	—	—	—	—	—	50	211	—	—	—	9,061	9,722	53	9,775
—	—	98	776	17,757	—	635	4,063	—	—	—	—	32,433	—	32,433
105	37	—	—	—	—	—	—	—	—	—	—	1,852	—	1,852
—	—	—	4	243	6	74	121	—	—	—	—	527	138	665
—	—	10	—	9	—	7	2,416	—	—	—	1,235	3,733	—	3,733
105	37	108	780	18,010	6	11,917	37,208	1,238	528	60	10,296	103,128	1,030	104,158
—	—	13	—	14,302	30	2,902	—	—	—	—	—	17,820	—	17,820
88	—	—	490	—	—	—	—	—	—	—	—	1,763	—	1,763
—	—	—	—	—	—	—	—	—	—	—	—	7,354	—	7,354
—	—	—	—	—	—	—	31,284	—	—	—	—	31,284	—	31,284
—	—	—	—	—	—	6,099	—	—	—	—	—	6,099	—	6,099
—	—	—	—	—	—	—	—	—	—	—	—	3,318	—	3,318
—	—	—	—	—	—	—	—	—	—	—	—	9,068	—	9,068
—	—	—	—	—	—	—	—	—	—	—	10,182	10,182	—	10,182
144	—	—	—	—	—	—	—	—	—	—	609	1,013	—	1,013
—	—	—	—	—	—	—	—	—	—	—	—	—	4,267	4,267
—	—	—	—	3,490	—	—	—	—	—	—	—	3,490	—	3,490
232	—	13	490	17,792	30	9,001	31,284	—	—	—	10,791	91,391	4,267	95,658
(127)	37	95	290	218	(24)	2,916	5,924	1,238	528	60	(495)	11,737	(3,237)	8,500
—	—	—	—	—	—	656	—	—	—	—	171	2,818	—	2,818
—	—	—	—	(103)	—	(2,664)	(3,393)	—	—	—	—	(8,355)	—	(8,355)
—	—	—	—	(103)	—	(2,008)	(3,393)	—	—	—	171	(5,537)	—	(5,537)
(127)	37	95	290	115	(24)	908	2,531	1,238	528	60	(324)	6,200	(3,237)	2,963
270	—	215	2,821	25,460	764	9,211	17,250	1,720	422	67	2,476	83,290	19,225	102,515
143	37	310	3,111	25,575	740	10,119	19,781	2,958	950	127	2,152	89,490	15,988	105,478

DID YOU KNOW

Gwinnett's first courthouse cost \$56 in 1820. In 1988, the present day courthouse, the Gwinnett Justice and Administration Center building, opened. It was built for \$65 million using funds from the County's first voter-approved SPLOST program.

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, 2017

(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)
REVENUES:									
Taxes	\$ —	—	—	—	—	—	—	—	—
Permits and licenses	—	—	—	—	—	—	—	—	—
Intergovernmental	—	—	—	—	—	—	—	—	—
Charges for services	7,263	7,257	(6)	117	121	4	614	636	22
Fines and forfeitures	—	—	—	—	—	—	—	—	—
Investment earnings	4	12	8	6	9	3	2	2	—
Miscellaneous	—	41	41	—	—	—	—	—	—
Total revenues	7,267	7,310	43	123	130	7	616	638	22
EXPENDITURES:									
Current operating:									
Public safety	—	—	—	—	—	—	—	—	—
Judiciary	—	—	—	—	—	—	960	—	960
Public works	7,421	7,195	226	162	159	3	—	—	—
Culture and recreation	—	—	—	—	—	—	—	—	—
Tourism	—	—	—	—	—	—	—	—	—
Development authority	—	—	—	—	—	—	—	—	—
Total expenditures	7,421	7,195	226	162	159	3	960	—	960
Revenues in excess of (less than) expenditures	(154)	115	269	(39)	(29)	10	(344)	638	982
OTHER FINANCING SOURCES (USES):									
Transfers in	—	—	—	—	—	—	—	—	—
Transfers out	—	—	—	—	—	—	—	—	—
Other financing sources (uses), net	—	—	—	—	—	—	—	—	—
Revenues and other financing sources in excess of (less than) expenditures and other financing uses	(154)	115	269	(39)	(29)	10	(344)	638	982
Fund balance allocation	154	—	(154)	39	—	(39)	344	—	(344)
Fund balances – January 1	—	2,136	2,136	—	1,283	1,283	—	2,115	2,115
Fund balances – December 31	\$ —	2,251	2,251	—	1,254	1,254	—	2,753	2,753

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)
—	—	—	—	—	—	10,274	10,421	147	875	998	123	—	—	—
—	—	—	8	67	59	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	400	400	—	—	—	—
52	64	12	—	—	—	—	1	1	1,040	1,025	(15)	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	74	74	—
—	—	—	—	—	—	—	47	47	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
52	64	12	8	67	59	10,274	10,469	195	2,315	2,423	108	74	74	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
60	53	7	—	—	—	—	—	—	—	—	—	174	25	149
—	—	—	8	—	8	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	3,654	3,318	336	—	—	—	—	—	—
—	—	—	—	—	—	4,926	4,926	—	4,277	4,142	135	—	—	—
60	53	7	8	—	8	8,580	8,244	336	4,277	4,142	135	174	25	149
(8)	11	19	—	67	67	1,694	2,225	531	(1,962)	(1,719)	243	(100)	49	149
—	—	—	—	—	—	—	—	—	1,991	1,991	—	—	—	—
—	—	—	(13)	(13)	—	(1,991)	(1,991)	—	—	—	—	—	—	—
—	—	—	(13)	(13)	—	(1,991)	(1,991)	—	1,991	1,991	—	—	—	—
(8)	11	19	(13)	54	67	(297)	234	531	29	272	243	(100)	49	149
8	—	(8)	13	—	(13)	297	—	(297)	(29)	—	29	100	—	(100)
—	115	115	—	247	247	—	9,836	9,836	—	1,098	1,098	—	275	275
—	126	126	—	301	301	—	10,070	10,070	—	1,370	1,370	—	324	324

continued...

SPECIAL REVENUE FUNDS SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

Year Ended December 31, 2017

(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)
REVENUES:									
Taxes	\$ —	—	—	—	—	—	—	—	—
Permits and licenses	—	—	—	—	—	—	—	—	—
Intergovernmental	—	—	—	—	—	—	—	—	—
Charges for services	—	—	—	—	—	—	—	—	—
Fines and forfeitures	224	224	—	81	83	2	36	36	—
Investment earnings	—	—	—	—	—	—	—	—	—
Miscellaneous	—	—	—	—	10	10	—	1	1
Total revenues	224	224	—	81	93	12	36	37	1
EXPENDITURES:									
Current operating:									
Public safety	—	—	—	—	—	—	492	326	166
Judiciary	374	199	175	155	18	137	—	—	—
Public works	—	—	—	—	—	—	—	—	—
Culture and recreation	—	—	—	—	—	—	—	—	—
Tourism	—	—	—	—	—	—	—	—	—
Development authority	—	—	—	—	—	—	—	—	—
Total expenditures	374	199	175	155	18	137	492	326	166
Revenues in excess of (less than) expenditures	(150)	25	175	(74)	75	149	(456)	(289)	167
OTHER FINANCING SOURCES (USES):									
Transfers in	—	—	—	—	—	—	—	—	—
Transfers out	—	—	—	—	—	—	(222)	(164)	58
Other financing sources (uses), net	—	—	—	—	—	—	(222)	(164)	58
Revenues and other financing sources in excess of (less than) expenditures and other financing uses	(150)	25	175	(74)	75	149	(678)	(453)	225
Fund balance allocation	150	—	(150)	74	—	(74)	678	—	(678)
Fund balances – January 1	—	395	395	—	228	228	—	1,219	1,219
Fund balances – December 31	\$ —	420	420	—	303	303	—	766	766

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)
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	87	98	11
494	542	48	787	751	(36)	114	105	(9)	37	37	—	—	—	—
—	—	—	—	9	9	—	—	—	—	—	—	—	—	—
—	2	2	—	2	2	—	—	—	—	—	—	8	10	2
494	544	50	787	762	(25)	114	105	(9)	37	37	—	95	108	13
579	335	244	—	—	—	—	—	—	—	—	—	19	13	6
—	—	—	1,292	1,062	230	255	232	23	37	—	37	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
579	335	244	1,292	1,062	230	255	232	23	37	—	37	19	13	6
(85)	209	294	(505)	(300)	205	(141)	(127)	14	—	37	37	76	95	19
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
(30)	(27)	3	—	—	—	—	—	—	—	—	—	—	—	—
(30)	(27)	3	—	—	—	—	—	—	—	—	—	—	—	—
(115)	182	297	(505)	(300)	205	(141)	(127)	14	—	37	37	76	95	19
115	—	(115)	505	—	(505)	141	—	(141)	—	—	—	(76)	—	76
—	2,514	2,514	—	1,153	1,153	—	270	270	—	—	—	—	215	215
—	2,696	2,696	—	853	853	—	143	143	—	37	37	—	310	310

continued...

SPECIAL REVENUE FUNDS SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

Year Ended December 31, 2017

(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)
REVENUES:									
Taxes	\$ —	—	—	—	1	1	—	—	—
Permits and licenses	—	—	—	—	—	—	—	—	—
Intergovernmental	—	—	—	—	—	—	—	—	—
Charges for services	656	776	120	16,092	17,757	1,665	—	—	—
Fines and forfeitures	—	—	—	—	—	—	—	—	—
Investment earnings	—	4	4	130	295	165	4	6	2
Miscellaneous	—	—	—	—	9	9	—	—	—
Total revenues	656	780	124	16,222	18,062	1,840	4	6	2
EXPENDITURES:									
Current operating:									
Public safety	—	—	—	20,749	17,792	2,957	47	30	17
Judiciary	770	490	280	—	—	—	—	—	—
Public works	—	—	—	—	—	—	—	—	—
Culture and recreation	—	—	—	—	—	—	—	—	—
Tourism	—	—	—	—	—	—	—	—	—
Development authority	—	—	—	—	—	—	—	—	—
Total expenditures	770	490	280	20,749	17,792	2,957	47	30	17
Revenues in excess of (less than) expenditures	(114)	290	404	(4,527)	270	4,797	(43)	(24)	19
OTHER FINANCING SOURCES (USES):									
Transfers in	—	—	—	—	—	—	—	—	—
Transfers out	—	—	—	(1,077)	(103)	974	—	—	—
Other financing sources (uses), net	—	—	—	(1,077)	(103)	974	—	—	—
Revenues and other financing sources in excess of (less than) expenditures and other financing uses	(114)	290	404	(5,604)	167	5,771	(43)	(24)	19
Fund balance allocation	114	—	(114)	5,604	—	(5,604)	43	—	(43)
Fund balances – January 1	—	2,821	2,821	—	25,666	25,666	—	764	764
Fund balances – December 31	\$ —	3,111	3,111	—	25,833	25,833	—	740	740

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

Development & Enforcement Services District			Recreation District			Jimmy Carter Boulevard TAD			Indian Trail TAD			Park 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)	Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)
6,868	7,193	325	29,129	30,397	1,268	1,217	1,238	21	506	528	22	57	60	3
3,976	3,958	(18)	—	—	—	—	—	—	—	—	—	—	—	—
40	50	10	159	211	52	—	—	—	—	—	—	—	—	—
518	635	117	4,178	4,063	(115)	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
36	93	57	59	149	90	—	—	—	—	—	—	—	—	—
—	7	7	2,387	2,416	29	—	—	—	—	—	—	—	—	—
11,438	11,936	498	35,912	37,236	1,324	1,217	1,238	21	506	528	22	57	60	3
10,656	9,001	1,655	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	34,265	31,284	2,981	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
10,656	9,001	1,655	34,265	31,284	2,981	—	—	—	—	—	—	—	—	—
782	2,935	2,153	1,647	5,952	4,305	1,217	1,238	21	506	528	22	57	60	3
717	656	(61)	—	—	—	—	—	—	—	—	—	—	—	—
(2,664)	(2,664)	—	(3,393)	(3,393)	—	—	—	—	—	—	—	—	—	—
(1,947)	(2,008)	(61)	(3,393)	(3,393)	—	—	—	—	—	—	—	—	—	—
(1,165)	927	2,092	(1,746)	2,559	4,305	1,217	1,238	21	506	528	22	57	60	3
1,165	—	(1,165)	1,746	—	(1,746)	(1,217)	—	1,217	(506)	—	506	(57)	—	57
—	9,215	9,215	—	17,258	17,258	—	1,720	1,720	—	422	422	—	67	67
—	10,142	10,142	—	19,817	19,817	—	2,958	2,958	—	950	950	—	127	127

CAPITAL PROJECTS FUNDS SCHEDULE OF REVENUES, EXPENDITURES, AND

Year Ended December 31, 2017

(in thousands of dollars)

	2005 Sales Tax			2009 Sales Tax		
	Budget	Actual	Variance-positive (negative)	Budget	Actual	Variance-positive (negative)
REVENUES:						
Sales tax proceeds	\$ —	—	—	—	—	—
Intergovernmental	—	—	—	4,906	4,906	—
Charges for services	—	—	—	—	—	—
Fines and forfeitures	—	—	—	—	—	—
Investment earnings	—	—	—	1,533	1,533	—
Miscellaneous	—	—	—	34	34	—
Total revenues	—	—	—	6,473	6,473	—
EXPENDITURES:						
Capital outlay	954	954	—	39,803	39,803	—
Intergovernmental	—	—	—	—	—	—
Total expenditures	954	954	—	39,803	39,803	—
Revenues in excess of (less than) expenditures	(954)	(954)	—	(33,330)	(33,330)	—
OTHER FINANCING SOURCES:						
Transfers in	—	—	—	—	—	—
Transfers out	—	—	—	—	—	—
Other financing sources, net	—	—	—	—	—	—
Revenues and other financing sources in excess of (less than) expenditures and other financing uses	(954)	(954)	—	(33,330)	(33,330)	—
Fund balance allocation	954	—	(954)	33,330	—	(33,330)
Fund balances – January 1	—	954	954	—	174,636	174,636
Fund balances – December 31	\$ —	—	—	—	141,306	141,306

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)

2014 Sales Tax			2017 Sales Tax			Other Capital Projects		
Budget	Actual	Variance-positive (negative)	Budget	Actual	Variance-positive (negative)	Budget	Actual	Variance-positive (negative)
34,042	34,042	—	117,758	117,758	—	—	—	—
3,050	3,050	—	6,389	6,389	—	46	46	—
—	—	—	—	—	—	10	10	—
—	—	—	—	—	—	—	—	—
2,353	2,353	—	302	302	—	2,575	2,574	(1)
22	22	—	—	—	—	4,686	4,686	—
39,467	39,467	—	124,449	124,449	—	7,317	7,316	(1)
51,197	51,197	—	15,663	15,663	—	36,981	36,980	1
7,183	7,183	—	25,012	25,012	—	—	—	—
58,380	58,380	—	40,675	40,675	—	36,981	36,980	1
(18,913)	(18,913)	—	83,774	83,774	—	(29,664)	(29,664)	—
—	—	—	—	—	—	60,226	60,226	—
—	—	—	—	—	—	(12)	(12)	—
—	—	—	—	—	—	60,214	60,214	—
(18,913)	(18,913)	—	83,774	83,774	—	30,550	30,550	—
18,913	—	(18,913)	(83,774)	—	83,774	(30,550)	—	30,550
—	211,640	211,640	—	—	—	—	241,064	241,064
—	192,727	192,727	—	83,774	83,774	—	271,614	271,614

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, 2017

(in thousands of dollars)

	Debt Service Fund		
	Budget	Actual	Variance-positive (negative)
REVENUES:			
Taxes	\$ 668	839	171
Intergovernmental	40	53	13
Investment earnings	—	138	138
Total revenues	708	1,030	322
EXPENDITURES:			
Debt service	4,267	4,267	—
Total expenditures	4,267	4,267	—
Revenues in excess of expenditures	(3,559)	(3,237)	322
Fund balance allocation	3,559	—	(3,559)
Fund balances – January 1	—	19,225	19,225
Fund balances – December 31	\$ —	15,988	15,988

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

Year Ended December 31, 2017

(in thousands of dollars)

	Grant Fund		
	Budget	Actual (non-GAAP budget basis)	Variance-positive (negative)
REVENUES:			
Intergovernmental revenues	\$ 22,203	16,318	(5,885)
Local revenues	685	1,406	721
Total revenues	22,888	17,724	(5,164)
EXPENDITURES:			
Program expenditures	22,888	17,935	4,953
Revenues in excess of (less than) expenditures	\$ —	(211)	(211)

ENTERPRISE FUNDS



ENTERPRISE FUNDS

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.

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, 2017

(in thousands of dollars)

	<u>Airport</u>	<u>Solid Waste</u>	<u>Transit</u>	<u>Total</u>
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 2,856	29,935	3,071	35,862
Investments	—	12,568	3,544	16,112
Prepaid Items	—	4	—	4
Accounts receivable, net of allowance:	65	1,107	4	1,176
Due from other governments	124	—	2,577	2,701
Total current assets	<u>3,045</u>	<u>43,614</u>	<u>9,196</u>	<u>55,855</u>
Noncurrent assets:				
Investments	—	22,052	3,549	25,601
Land and construction in progress	12,060	1,317	6,016	19,393
Other capital assets, net of depreciation	7,379	2,626	14,429	24,434
Total noncurrent assets	<u>19,439</u>	<u>25,995</u>	<u>23,994</u>	<u>69,428</u>
Total assets	<u>22,484</u>	<u>69,609</u>	<u>33,190</u>	<u>125,283</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Pension experience difference	4	—	—	4
Total deferred outflows of resources	<u>4</u>	<u>—</u>	<u>—</u>	<u>4</u>
LIABILITIES:				
Current liabilities:				
Accounts payable	58	3,438	2,908	6,404
Payroll payable	18	26	25	69
Retainage payable	—	—	85	85
Accumulated leave benefits – current	21	24	24	69
Due to others	1	—	27	28
Unearned revenue	—	43,374	—	43,374
Total current liabilities	<u>98</u>	<u>46,862</u>	<u>3,069</u>	<u>50,029</u>
Noncurrent liabilities:				
Accumulated leave benefits – noncurrent	22	14	12	48
Net pension liability	99	—	—	99
Total noncurrent liabilities	<u>121</u>	<u>14</u>	<u>12</u>	<u>147</u>
Total liabilities	<u>219</u>	<u>46,876</u>	<u>3,081</u>	<u>50,176</u>
DEFERRED INFLOWS OF RESOURCES:				
Pension investment return	11	—	—	11
Total deferred inflows of resources	<u>11</u>	<u>—</u>	<u>—</u>	<u>11</u>
NET POSITION:				
Net investment in capital assets	19,439	3,943	20,360	43,742
Unrestricted	2,819	18,790	9,749	31,358
Total net position	<u>\$ 22,258</u>	<u>22,733</u>	<u>30,109</u>	<u>75,100</u>

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

Year Ended December 31, 2017

(in thousands of dollars)

	<u>Airport</u>	<u>Solid Waste</u>	<u>Transit</u>	<u>Total</u>
OPERATING REVENUES:				
Operating lease and rental income from individual hangers	\$ 999	—	—	999
User fees and charges	—	43,724	2,948	46,672
Miscellaneous	2	1	18	21
Total operating revenues	<u>1,001</u>	<u>43,725</u>	<u>2,966</u>	<u>47,692</u>
OPERATING EXPENSES:				
Depreciation	454	284	2,721	3,459
Transit operations	—	—	16,858	16,858
General and administrative	853	41,402	—	42,255
Total operating expenses	<u>1,307</u>	<u>41,686</u>	<u>19,579</u>	<u>62,572</u>
Operating income (loss)	<u>(306)</u>	<u>2,039</u>	<u>(16,613)</u>	<u>(14,880)</u>
NON-OPERATING REVENUES:				
Intergovernmental	6	—	7,257	7,263
Investment earnings	—	591	85	676
Loss on disposal of capital assets	—	—	(8,653)	(8,653)
Total non-operating revenues	<u>6</u>	<u>591</u>	<u>(1,311)</u>	<u>(714)</u>
Income (loss) before transfers and contributions	<u>(300)</u>	<u>2,630</u>	<u>(17,924)</u>	<u>(15,594)</u>
Capital contributions	531	—	4,470	5,001
Transfers in	18	—	12,737	12,755
Change in net position	249	2,630	(717)	2,162
Net position – January 1	<u>22,009</u>	<u>20,103</u>	<u>30,826</u>	<u>72,938</u>
Net position – December 31	<u>\$ 22,258</u>	<u>22,733</u>	<u>30,109</u>	<u>75,100</u>

OTHER ENTERPRISE FUNDS COMBINING STATEMENT OF CASH FLOWS

Year Ended December 31, 2017

(in thousands of dollars)

	Airport	Solid Waste	Transit	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 995	44,675	3,121	48,791
Cash payments to suppliers for goods and services	(419)	(40,972)	(15,737)	(57,128)
Cash payments to employees for services	(374)	(523)	(523)	(1,420)
Net cash flows provided/(required) by operating activities	<u>202</u>	<u>3,180</u>	<u>(13,139)</u>	<u>(9,757)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Operating grants	6	—	7,257	7,263
Transfers from other funds	18	—	12,737	12,755
Net cash provided by noncapital activities	<u>24</u>	<u>—</u>	<u>19,994</u>	<u>20,018</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital grants	407	—	3,778	4,185
Acquisition and construction of capital assets	(561)	—	(7,604)	(8,165)
Net cash (required) by capital and related financing activities	<u>(154)</u>	<u>—</u>	<u>(3,826)</u>	<u>(3,980)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from the sale of investments	—	25,226	2,237	27,463
Purchase of investments	—	(36,833)	(3,640)	(40,473)
Investment earnings	—	569	92	661
Net cash (required) by investing activities	<u>—</u>	<u>(11,038)</u>	<u>(1,311)</u>	<u>(12,349)</u>
Net increase (decrease) in cash and cash equivalents	72	(7,858)	1,718	(6,068)
Cash and cash equivalents at beginning of year	2,784	37,793	1,353	41,930
Cash and cash equivalents at end of year	<u>\$ 2,856</u>	<u>29,935</u>	<u>3,071</u>	<u>35,862</u>
Reconciliation of operating income (loss) to net cash provided/(required) by operating activities:				
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income (loss)	\$ (306)	2,039	(16,613)	(14,880)
Adjustments to reconcile operating income (loss) to net cash provided (required) by operating activities:				
Depreciation	454	284	2,721	3,459
CHANGE IN ASSETS AND LIABILITIES:				
Changes in net pension liability and related deferred inflows of resources	20	(155)	—	(135)
(Increase) decrease in receivables	(6)	(72)	155	77
Decrease in prepaids	—	1	2	3
Increase in payables	30	43	551	624
Increase in unearned revenue	—	1,022	—	1,022
Increase in other liabilities	10	18	45	73
Net cash provided/(required) by operating activities	<u>\$ 202</u>	<u>3,180</u>	<u>(13,139)</u>	<u>(9,757)</u>

DID YOU KNOW

The first railroad in Gwinnett in 1871 went through the towns of Buford, Suwanee, Duluth, and Norcross. It was named the Atlanta and Richmond Air-Line Railway, a forerunner to the present Norfolk Southern line.

INTERNAL SERVICE FUNDS



This house was built by Elisha Winn around 1812. In 1818, the Georgia General Assembly created Gwinnett County from Cherokee and Creek cessions and part of Jackson County. The first Gwinnett elections and sessions of the Inferior Court were held in this house. The Superior Court met in Mr. Winn's barn. Restoration of the house was completed by the Gwinnett Historical Society in 1986.

Elisha Winn was born in Lunenburg County, Virginia in 1777. He moved to South Carolina then to Jackson County, Georgia where he served as a justice of the Inferior Court. He also served as justice of the Inferior Court in Gwinnett and as state representative (1830, 1833, 1837) and as state senator in 1826. Winn died on March 4, 1842 and is buried in the old Lawrenceville cemetery.



INTERNAL SERVICE FUNDS

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, 2017
(in thousands of dollars)

	Group Self- Insurance	Risk Management	Fleet Management	Auto Liability	Administrative Support	Total
ASSETS:						
Current assets:						
Cash and cash equivalents	\$ 8,872	6,550	1,894	341	4,280	21,937
Investments	7,613	6,462	—	1,549	1,000	16,624
Accounts receivable, net of allowance	76	336	738	2	64	1,216
Inventories	—	—	460	—	—	460
Prepaid items	80	—	10	—	3,111	3,201
Total current assets	16,641	13,348	3,102	1,892	8,455	43,438
Noncurrent assets:						
Investments	16,921	12,579	—	932	7,993	38,425
Construction in progress	—	—	—	—	661	661
Other capital assets, net of depreciation	—	—	99	—	513	612
Total noncurrent assets	16,921	12,579	99	932	9,167	39,698
Total assets	33,562	25,927	3,201	2,824	17,622	83,136
DEFERRED OUTFLOWS OF RESOURCES:						
Pension experience difference	3	—	48	—	683	734
Total deferred outflows of resources	3	—	48	—	683	734
LIABILITIES:						
Current liabilities:						
Accounts payable	3,271	306	1,927	10	1,175	6,689
Payroll payable	32	14	136	—	1,717	1,899
Accumulated leave benefits – current	28	26	148	—	1,797	1,999
Estimated claims payable – current	3,234	2,711	—	184	—	6,129
Unearned revenue	16	—	—	—	—	16
Total current liabilities	6,581	3,057	2,211	194	4,689	16,732
Accumulated leave benefits – noncurrent	21	30	90	—	1,093	1,234
Estimated claims payable – noncurrent	—	5,871	—	469	—	6,340
Net pension liability – noncurrent	79	7	1,112	—	15,855	17,053
Total liabilities	6,681	8,965	3,413	663	21,637	41,359
DEFERRED INFLOWS OF RESOURCES:						
Pension investment return	9	1	124	—	1,769	1,903
Total deferred inflows of resources	9	1	124	—	1,769	1,903
NET POSITION:						
Net investment in capital assets	—	—	99	—	1,174	1,273
Unrestricted	26,875	16,961	(387)	2,161	(6,275)	39,335
Total net position	\$ 26,875	16,961	(288)	2,161	(5,101)	40,608

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

Year Ended December 31, 2017

(in thousands of dollars)

	Group Self- Insurance	Risk Management	Fleet Management	Auto Liability	Administrative Support	Total
OPERATING REVENUES:						
Charges to other funds	\$ 47,029	7,000	5,443	800	54,844	115,116
Employee contributions	5,216	—	—	—	—	5,216
Miscellaneous	131	574	283	—	1,318	2,306
Total operating revenues	52,376	7,574	5,726	800	56,162	122,638
OPERATING EXPENSES:						
Vehicle maintenance and repair	—	—	4,234	—	—	4,234
Benefit claims	22,750	5,491	—	1,629	—	29,870
Insurance premiums	25,986	2,882	—	—	—	28,868
Depreciation and amortization	—	—	8	—	226	234
General and administrative	6,781	1,939	1,624	48	55,380	65,772
Total operating expenses	55,517	10,312	5,866	1,677	55,606	128,978
Operating income (loss)	(3,141)	(2,738)	(140)	(877)	556	(6,340)
NON-OPERATING REVENUES:						
Investment earnings	409	281	—	22	95	807
Total non-operating revenues	409	281	—	22	95	807
Income (loss) before transfers	(2,732)	(2,457)	(140)	(855)	651	(5,533)
Transfers in	12	—	—	—	—	12
Transfers out	—	—	(150)	—	(151)	(301)
Change in net position	(2,720)	(2,457)	(290)	(855)	500	(5,822)
Net position – January 1	29,595	19,418	2	3,016	(5,601)	46,430
Net position – December 31	\$ 26,875	16,961	(288)	2,161	(5,101)	40,608

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS

Year Ended
December 31, 2017
(in thousands of dollars)

	Group Self- Insurance	Risk Management	Fleet Management	Auto Liability	Administrative Support	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$ 52,375	7,590	5,604	798	56,125	122,492
Cash payments to suppliers for goods and services	(4,306)	(1,554)	(2,782)	(92)	(19,834)	(28,568)
Cash payments to employees for services	(562)	(436)	(2,869)	—	(34,345)	(38,212)
Claims and premiums paid	(47,658)	(7,793)	—	(1,633)	—	(57,084)
Net cash flows provided/(required) by operating activities	(151)	(2,193)	(47)	(927)	1,946	(1,372)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers from other funds	12	—	—	—	—	12
Transfers (to) other funds	—	—	(150)	—	(151)	(301)
Net cash provided/(required) by noncapital activities	12	—	(150)	—	(151)	(289)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition and construction of capital assets	—	—	(6)	—	(684)	(690)
Net cash (required) by capital and related financing activities	—	—	(6)	—	(684)	(690)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from the sale of investments	8,604	4,558	—	366	386,489	400,017
Purchase of investments	(4,253)	(3,471)	—	(980)	(391,171)	(399,875)
Investment earnings	392	218	—	23	154	787
Net cash provided/(required) by investing activities	4,743	1,305	—	(591)	(4,528)	929
Net increase/(decrease) in cash and cash equivalents	4,604	(888)	(203)	(1,518)	(3,417)	(1,422)
Cash and cash equivalents at beginning of year	4,268	7,438	2,097	1,859	7,697	23,359
Cash and cash equivalents at end of year	\$ 8,872	6,550	1,894	341	4,280	21,937
Reconciliation of operating income (loss) to net cash provided/required by operating activities:						
CASH FLOWS FROM OPERATING ACTIVITIES:						
Operating income (loss)	\$ (3,141)	(2,738)	(140)	(877)	556	(6,340)
Adjustments to reconcile operating income (loss) to net cash provided/(required) by operating activities:						
Depreciation	—	—	8	—	226	234
CHANGE IN ASSETS AND LIABILITIES:						
Changes in net pension liability and related deferred inflows of resources	(64)	(56)	(388)	—	1,823	1,315
(Increase) decrease in receivables	—	16	(122)	(2)	(37)	(145)
(Increase) in inventories	—	—	(34)	—	—	(34)
(Increase) decrease in prepaids	1	1	6	—	(108)	(100)
Increase (decrease) in payables	1,972	—	559	(44)	(1,209)	1,278
Increase in other liabilities	1,081	584	64	(4)	695	2,420
Net cash provided/(required) by operating activities	\$ (151)	(2,193)	(47)	(927)	1,946	(1,372)

DID YOU KNOW

The first functions of Gwinnett County Government took place in the home of Elisha and Philadelphia Winn in Dacula. The house and the barn served as a polling place, courtroom, and jail.

FIDUCIARY FUNDS



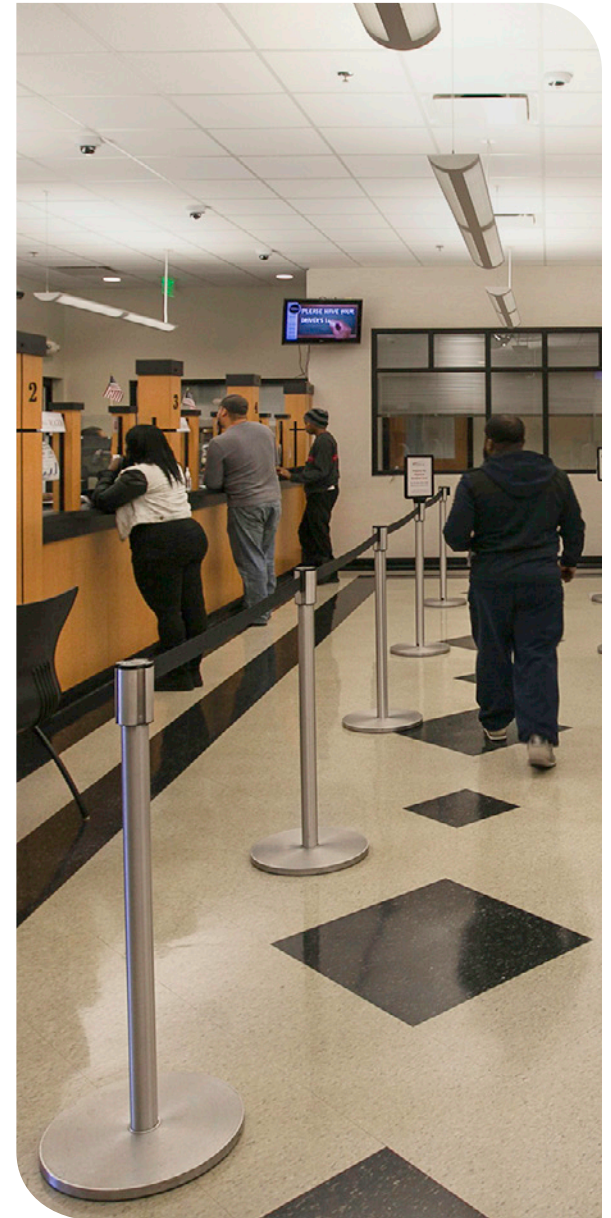
FIDUCIARY FUNDS

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, 2017

(in thousands of dollars)

	Pension	OPEB	Total
ASSETS:			
Cash and cash equivalents	\$ 40,457	4,756	45,213
Investments, at fair value:			
U.S. treasury bonds	59,762	8,255	68,017
Asset-backed securities	12,856	1,776	14,632
U.S. governmental agencies	32,496	4,488	36,984
Commercial mortgage-backed securities	8,021	1,108	9,129
Corporate bonds	50,457	6,969	57,426
Collateralized mortgage obligations	14,111	1,949	16,060
Corporate equities	574,048	79,290	653,338
International equities	168,476	23,271	191,747
Preferred stock	685	95	780
Global fixed income	76,936	10,628	87,564
Total investments	997,848	137,829	1,135,677
Securities lending collateral investment pool	86,672	11,971	98,643
Contributions receivable from employer	—	547	547
Prepaid benefit payments	5,778	—	5,778
Total assets	1,130,755	155,103	1,285,858
LIABILITIES:			
Accounts payable	877	2,427	3,304
Liability for securities lending agreement	86,672	11,971	98,643
Total liabilities	87,549	14,398	101,947
Net position – restricted for pension and OPEB	\$ 1,043,206	140,705	1,183,911

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

Year Ended December 31, 2017

(in thousands of dollars)

	Pension	OPEB	Total
ADDITIONS:			
Contributions:			
Employer	\$ 38,366	10,212	48,578
Employee	6,441	—	6,441
Total contributions	<u>44,807</u>	<u>10,212</u>	<u>55,019</u>
Investment income:			
Net increase in the fair value of investments	123,394	17,059	140,453
Securities lending income	138	19	157
Interest and dividends	21,086	2,923	24,009
Total investment income	<u>144,618</u>	<u>20,001</u>	<u>164,619</u>
Investment expense	(4,077)	(563)	(4,640)
Securities lending expense	(15)	(2)	(17)
Net investment income	<u>140,526</u>	<u>19,436</u>	<u>159,962</u>
Total additions	<u>185,333</u>	<u>29,648</u>	<u>214,981</u>
DEDUCTIONS:			
Benefits paid	67,254	9,811	77,065
Insurance premiums	—	1,468	1,468
Administrative expenses	724	672	1,396
Total deductions	<u>67,978</u>	<u>11,951</u>	<u>79,929</u>
Net increase in fiduciary net position	117,355	17,697	135,052
Net position – restricted for pension and OPEB			
Beginning of year	<u>925,851</u>	<u>123,008</u>	<u>1,048,859</u>
End of year	<u>\$ 1,043,206</u>	<u>140,705</u>	<u>1,183,911</u>

AGENCY FUNDS COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

December 31, 2017

(in thousands of dollars)

	<u>Tax Commissioner</u>	<u>Clerk of Courts</u>	<u>Recorder's Court</u>	<u>Sheriff</u>	<u>Probate Court</u>	<u>Juvenile Court</u>	<u>Corrections</u>	<u>Total</u>
ASSETS:								
Cash and cash equivalents	\$ 16,843	23,798	1,218	1,145	289	3	29	43,325
Taxes receivable	19,907	—	—	—	—	—	—	19,907
Total assets	\$ <u>36,750</u>	<u>23,798</u>	<u>1,218</u>	<u>1,145</u>	<u>289</u>	<u>3</u>	<u>29</u>	<u>63,232</u>
LIABILITIES:								
Due to others	\$ <u>36,750</u>	<u>23,798</u>	<u>1,218</u>	<u>1,145</u>	<u>289</u>	<u>3</u>	<u>29</u>	<u>63,232</u>
Total liabilities	\$ <u>36,750</u>	<u>23,798</u>	<u>1,218</u>	<u>1,145</u>	<u>289</u>	<u>3</u>	<u>29</u>	<u>63,232</u>

AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

Year Ended December 31, 2017

(in thousands of dollars)

	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
TAX COMMISSIONER:				
Cash and cash equivalents	\$ 18,098	820,281	821,536	16,843
Taxes receivable	17,050	903,160	900,303	19,907
Total	\$ 35,148	1,723,441	1,721,839	36,750
Due to others	\$ 35,148	1,723,441	1,721,839	36,750
CLERK OF COURTS:				
Cash and cash equivalents	\$ 18,062	65,693	59,957	23,798
Due to others	\$ 18,062	65,693	59,957	23,798
RECORDER'S COURT:				
Cash and cash equivalents	\$ 1,113	3,302	3,197	1,218
Due to others	\$ 1,113	3,302	3,197	1,218
SHERIFF:				
Cash and cash equivalents	\$ 803	11,432	11,090	1,145
Due to others	\$ 803	11,432	11,090	1,145
PROBATE COURT:				
Cash and cash equivalents	\$ 298	618	627	289
Due to others	\$ 298	618	627	289
JUVENILE COURT:				
Cash and cash equivalents	\$ 3	61	61	3
Due to others	\$ 3	61	61	3
CORRECTIONS:				
Cash and cash equivalents	\$ 22	380	373	29
Due to others	\$ 22	380	373	29
TOTAL:				
Cash and cash equivalents	\$ 38,399	901,767	896,841	43,325
Taxes receivable	17,050	903,160	900,303	19,907
Total	\$ 55,449	1,804,927	1,797,144	63,232
Due to others	\$ 55,449	1,804,927	1,797,144	63,232

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

Financial Trends	
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
Revenue Capacity	
These schedules contain information to help the reader assess the County's most significant local revenue source: property tax	S7 – S10
Debt Capacity	
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
Demographic and Economic Information	
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
Operating Information	
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)

	2008	2009	2010	2011*	2012	2013	2014**	2015***	2016***	2017
Governmental activities										
Net investment in capital assets	\$ 1,989,757	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
Restricted	306,184	272,928	283,828	365,299	398,100	526,551	617,049	629,259	626,890	840,078
Unrestricted	451,245	489,312	522,661	491,493	510,907	478,218	286,312	294,332	272,872	116,140
Total governmental activities net position	2,747,186	2,903,290	3,027,314	3,134,231	3,229,308	3,353,430	3,256,813	3,241,975	3,275,102	3,352,570
Business-type activities										
Net investment in capital assets	2,574,614	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
Restricted	27,388	33,268	37,072	38,926	25,392	24,375	25,201	27,043	27,968	32,970
Unrestricted	57,866	80,364	137,219	190,964	235,397	221,920	247,511	309,121	324,551	363,472
Total business-type activities net position	2,659,868	2,708,019	2,765,901	2,822,524	2,875,082	2,910,959	2,991,239	3,126,702	3,302,106	3,455,445
Primary government										
Net investment in capital assets	4,564,371	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
Restricted	333,572	306,196	320,900	404,225	423,492	550,926	642,250	656,302	654,858	873,048
Unrestricted	509,111	569,676	659,880	682,457	746,304	700,138	533,823	603,453	597,423	479,612
Total primary government net position	\$ 5,407,054	5,611,309	5,793,215	5,956,755	6,104,390	6,264,389	6,248,052	6,368,677	6,577,208	6,808,015

* 2011 balances have been restated to reflect the cumulative effect of applying GASB Statement 65.

** 2014 balances have been restated to reflect the cumulative effect of applying GASB Statement 68.

*** 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.

CHANGES IN NET POSITION – LAST TEN FISCAL YEARS

(accrual basis of accounting in thousands of dollars)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014*</u>	<u>2015**</u>	<u>2016**</u>	<u>2017</u>
Expenses										
Governmental activities:										
General government	\$ 77,529	77,808	96,653	97,991	57,690	47,960	64,035	42,338	42,353	42,786
Public safety	184,060	188,851	188,823	193,625	216,808	199,549	265,228	250,029	279,861	266,623
Judiciary	122,028	123,555	113,089	114,896	129,590	124,612	256,675	151,945	168,308	165,446
Public works	73,339	65,488	55,506	60,013	79,129	77,837	134,780	182,686	112,796	112,381
Health and welfare	12,861	12,336	11,528	11,762	7,081	7,634	9,305	9,228	9,707	15,330
Culture and recreation	68,260	67,369	69,493	69,252	67,090	68,905	71,624	77,237	80,377	83,095
Housing and development	20,596	20,971	25,374	18,098	18,908	18,851	28,996	21,601	23,604	19,941
Tourism	2,038	1,633	1,760	2,044	2,069	2,358	2,534	2,773	3,017	3,318
Development authority	2,843	4,853	6,675	4,367	4,947	4,881	4,773	4,622	4,586	5,246
Interest on long-term debt	5,983	1,111	2,661	2,659	1,921	442	460	277	197	191
Total governmental activities	<u>569,537</u>	<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>714,357</u>
Business-type activities:										
Water and sewer	201,974	200,687	209,840	213,048	236,249	261,693	240,840	239,093	227,738	235,432
Airport	1,912	2,000	1,811	2,359	1,150	2,106	1,448	1,482	1,286	1,318
Solid waste	2,573	1,427	20,910	40,438	39,210	41,847	40,117	40,617	41,488	41,688
Stormwater	29,466	28,268	28,032	31,804	27,126	30,375	39,985	28,861	27,057	30,410
Transit	15,749	15,606	15,533	18,235	18,486	17,912	17,647	17,818	17,315	28,242
Total business-type activities	<u>251,674</u>	<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>337,090</u>
Total primary government expenses	\$ <u>821,211</u>	<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>1,051,447</u>
Program revenues										
Governmental activities:										
Charges for services:										
General government	\$ 14,578	23,795	18,301	25,682	8,751	8,778	9,747	10,002	10,750	11,419
Public safety	35,699	29,147	23,093	25,586	32,902	31,987	33,909	37,508	37,394	38,203
Judiciary	29,111	28,541	31,174	30,193	32,087	31,770	30,489	28,933	28,145	28,219
Public works	5,992	6,196	6,256	6,279	6,387	6,914	6,882	6,601	7,239	7,593
Health and welfare	—	1	137	110	23	9	406	3	11	151
Culture and recreation	3,918	4,505	4,499	4,480	4,547	4,419	4,752	4,893	5,105	5,155
Housing and development	3,922	2,441	8,818	7,928	8,457	8,359	8,682	9,646	10,174	9,737
Operating grants and contributions	12,068	30,052	33,739	18,005	16,074	18,050	16,645	8,408	8,783	8,846
Capital grants and contributions	15,054	13,407	11,182	20,193	32,853	13,716	38,529	30,319	33,742	23,365
Total governmental activities program revenues	<u>120,342</u>	<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>

continued...

CHANGES IN NET POSITION – LAST TEN FISCAL YEARS

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

	2008	2009	2010	2011	2012	2013	2014*	2015**	2016**	2017
Business-type activities:										
Charges for services:										
Water and sewer	189,959	208,805	240,966	260,226	271,289	277,234	299,007	305,974	318,056	311,565
Airport	850	832	827	866	903	859	941	1,034	922	1,001
Solid waste	1,340	1,113	20,740	41,131	41,929	42,570	42,061	42,677	43,219	43,725
Stormwater	25,095	30,326	29,973	30,494	30,863	30,887	31,182	31,226	31,587	31,902
Transit	4,337	4,319	4,274	5,011	4,845	4,719	4,212	4,404	3,655	2,966
Operating grants and contributions	5,270	4,896	5,740	6,605	5,946	6,504	6,391	6,432	5,340	7,422
Capital grants and contributions	68,179	33,811	18,616	17,571	14,209	22,389	29,948	44,405	76,259	73,333
Total business-type activities	295,030	284,102	321,136	361,904	369,984	385,162	413,742	436,152	479,038	471,914
Total primary government program revenues \$	415,372	422,187	458,335	500,360	512,065	509,164	563,783	572,465	620,381	604,602
Net (expense)/revenue										
Governmental activities	(449,195)	(425,890)	(434,363)	(436,251)	(443,152)	(429,027)	(688,369)	(606,423)	(583,463)	(581,669)
Business-type activities	43,356	36,114	45,010	56,020	47,763	31,229	73,705	108,281	164,154	134,824
Total primary government net expenses \$	(405,839)	(389,776)	(389,353)	(380,231)	(395,389)	(397,798)	(614,664)	(498,142)	(419,309)	(446,845)
General revenues and other changes in net position										
Governmental activities:										
Taxes:										
Property taxes	325,417	403,235	363,744	336,256	324,081	345,499	377,192	382,407	392,669	425,472
Sales taxes	138,756	122,714	128,594	134,752	142,571	138,351	142,480	146,564	150,031	151,800
Other taxes	55,249	51,971	54,363	64,284	64,063	62,822	64,636	74,491	75,392	79,539
Investment income	24,418	6,571	6,485	1,998	1,246	216	3,414	3,130	1,301	5,662
Miscellaneous	7,516	4,361	10,093	11,588	10,260	10,536	9,192	10,154	7,656	10,910
Transfers	(5,957)	(6,858)	(4,892)	(5,161)	(3,992)	(4,275)	(5,162)	(25,161)	(10,459)	(14,246)
Total governmental activities	545,399	581,994	558,387	543,717	538,229	553,149	591,752	591,585	616,590	659,137
Business-type activities:										
Investment income	2,466	189	346	1,044	803	373	1,413	2,021	791	4,269
Miscellaneous	684	4,990	7,634	—	—	—	—	—	—	—
Extraordinary item	4,112	—	—	—	—	—	—	—	—	—
Transfers	5,957	6,858	4,892	5,161	3,992	4,275	5,162	25,161	10,459	14,246
Total business-type activities	13,219	12,037	12,872	6,205	4,795	4,648	6,575	27,182	11,250	18,515
Total primary government	\$ 558,618	594,031	571,259	549,922	543,024	557,797	598,327	618,767	627,840	677,652
Changes in net position										
Governmental activities	96,204	156,104	124,024	107,466	95,077	124,122	(96,617)	(14,838)	33,127	77,468
Business-type activities	56,575	48,151	57,882	62,225	52,558	35,877	80,280	135,463	175,404	153,339
Total primary government	\$ 152,779	204,255	181,906	169,691	147,635	159,999	(16,337)	120,625	208,531	230,807

* 2014 balances have been restated to reflect the cumulative effect of applying GASB Statement 68.

** 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.

FUND BALANCES, GOVERNMENTAL FUNDS – LAST TEN FISCAL YEARS

(modified accrual basis of accounting in thousands of dollars)

	2008	2009	2010
General fund			
Reserved	\$ 4,614	3,451	5,695
Unreserved	109,382	114,719	142,258
Total general fund	<u>113,996</u>	<u>118,170</u>	<u>147,953</u>
All other governmental funds			
Reserved	9,487	11,311	5,086
Unreserved, reported in:			
Special revenue funds	54,272	56,338	67,502
Capital project funds	365,607	293,259	307,259
Debt service funds	23,518	23,952	33,980
Parking deck project	6,192	1,135	220
Total all other governmental funds	<u>459,076</u>	<u>385,995</u>	<u>414,047</u>
Total	<u>\$ 573,072</u>	<u>504,165</u>	<u>562,000</u>

	2011*	2012	2013**	2014	2015	2016	2017
General fund							
Nonspendable	\$ 7,204	2,232	1,499	4,656	4,780	5,115	1,872
Assigned	—	42,636	743	—	16,630	28,478	36,424
Unassigned	164,650	129,503	133,687	138,877	123,809	115,467	115,871
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>
All other governmental funds							
Nonspendable	217	298	268	1,114	943	896	592
Restricted	362,990	396,810	493,340	582,588	590,253	585,678	796,424
Committed	60	62	114	182	204	247	301
Assigned	75,493	78,719	87,515	138,978	202,026	239,828	111,989
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>
Total	<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>

* 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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Taxes	\$ 512,595	515,608	601,982	537,267	539,344	551,441	583,631	600,391	615,229	653,669
Permits and licenses	8,611	6,626	8,266	7,465	8,009	7,895	8,027	8,997	9,402	9,362
Intergovernmental	18,197	41,715	42,662	27,331	45,727	32,955	50,592	36,009	39,489	28,919
Charges for services	75,691	71,319	63,013	75,514	67,125	67,672	67,816	71,926	74,739	76,921
Fines and forfeitures	14,843	16,731	21,053	15,433	16,009	17,082	18,056	15,870	15,144	14,188
Investment income, earnings (losses)	22,401	6,216	6,072	4,936	3,348	(933)	7,603	5,512	3,920	8,148
Miscellaneous	9,764	7,190	12,007	12,450	10,189	10,536	9,204	10,181	7,668	10,982
Total revenues	<u>662,102</u>	<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>
Expenditures:										
General government	72,316	65,329	93,475	87,267	36,577	39,240	27,133	21,794	27,072	25,681
Public safety	171,716	179,492	176,088	175,397	196,917	187,750	189,916	196,573	214,729	219,514
Judiciary	117,798	121,894	120,098	116,534	129,630	127,275	131,424	133,332	144,553	151,156
Public works	22,958	21,489	19,360	20,007	21,256	20,926	20,763	20,148	22,014	24,080
Health and welfare	12,814	12,561	12,473	11,749	6,787	6,662	6,854	7,227	7,490	11,970
Culture and recreation	47,048	47,646	54,477	44,230	43,015	41,736	43,238	47,229	47,317	51,015
Housing and development	13,650	10,062	8,332	7,890	8,703	8,638	8,814	8,745	9,705	10,248
Tourism	2,038	1,633	1,760	2,044	2,069	2,358	2,534	2,773	3,017	3,318
Development authority	4,763	7,465	8,905	6,057	7,097	7,096	7,618	7,597	7,696	9,068
Grant programs	8,217	12,881	22,953	14,961	12,919	13,358	15,977	13,915	15,111	10,182
Capital outlay	283,161	223,577	138,448	130,741	141,153	112,100	103,276	169,637	183,346	145,837
Debt service:										
Principal	12,730	13,255	13,847	11,870	3,380	23,830	3,410	3,480	3,690	3,865
Interest	3,582	3,078	2,608	2,102	1,845	1,041	765	660	498	402
Issuance cost	—	—	—	—	253	—	—	—	—	—
Intergovernmental	—	19,816	19,313	22,041	35,895	24,569	31,310	34,188	35,947	35,788
Total expenditures	<u>772,791</u>	<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>
Excess (deficiency) of revenues over expenditures	<u>(110,689)</u>	<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>
Other financing sources/(uses):										
Transfers in	85,606	9,962	34,495	53,766	27,873	91,917	72,364	102,485	69,670	71,954
Transfers out	(89,333)	(12,813)	(39,578)	(32,658)	(30,781)	(95,080)	(75,032)	(111,823)	(76,012)	(84,255)
Proceeds from capital lease obligations	36,885	8,717	—	—	—	—	—	—	—	—
Refunding bonds issued	—	—	—	—	25,117	—	—	—	—	—
Payment to refunded bond escrow agent	—	—	—	—	(24,818)	—	—	—	—	—
Total other financing sources/(uses)	<u>33,158</u>	<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>
Net change in fund balances	<u>\$ (77,531)</u>	<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>
Debt service as a percentage of noncapital expenditures	3.4%	3.4%	3.0%	2.7%	1.1%	5.0%	0.9%	0.8%	0.7%	0.7%

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*					
2008	20,154,776,093	8,232,413,573	724,878,956	2,203,612,510	3,685,145,915	5,647,694,750	29,353,132,297	10.97	73,382,830,743	40%
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%

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

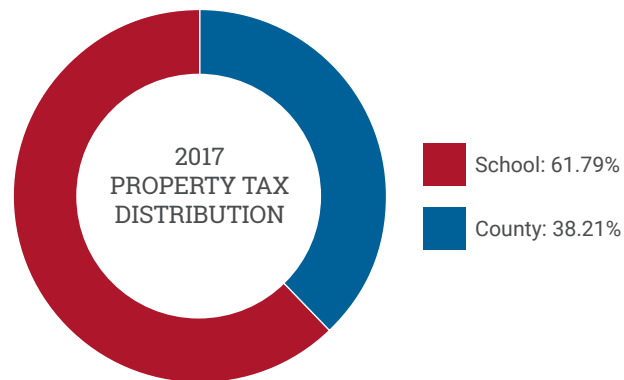
* Includes mobile homes

DIRECT AND OVERLAPPING PROPERTY TAX RATES – LAST TEN FISCAL YEARS

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund	9.72	11.78	11.78	11.78	11.78	7.40	7.40	7.229	6.826	7.40
Fire and EMS District	–	–	–	–	–	3.20	3.20	3.20	3.20	3.20
Police Services District	–	–	–	–	–	1.60	1.60	1.60	1.60	1.60
Development and Enforcement District	–	–	–	–	–	0.36	0.36	0.36	0.36	0.36
Recreation District	0.79	1.00	1.00	1.00	1.00	0.95	0.95	0.95	0.95	0.95
G.O. Bond Fund	0.22	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	0.24	–
Total County Tax	10.97	13.25	13.25	13.02	13.02	13.75	13.75	13.579	13.176	13.51
School M & O	19.25	19.25	19.25	19.25	19.25	19.25	19.80	19.80	19.80	19.80
School Bonds	1.30	1.30	1.30	1.30	1.30	1.30	2.05	2.05	2.05	2.05
Total School Tax	20.55	20.55	20.55	20.55	20.55	20.55	21.85	21.85	21.85	21.85
State Government	0.25	0.25	0.25	0.25	0.20	0.15	0.10	0.05	–	–
Total Property Tax	31.77	34.05	34.05	33.82	33.77	34.45	35.70	35.479	35.026	35.36

Source: Budget Division – Tax Levy Resolution



PRINCIPAL PROPERTY TAX PAYERS – CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2017			2008		
	Taxable Assessed Value ⁽¹⁾	Rank	Percentage of Total Taxable Assessed Value ⁽²⁾	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Georgia Power	\$ 143,684,400	1	0.49%	\$ 98,160,880	4	0.36%
AT&T	120,641,930	2	0.41%	150,587,400	1	0.56%
Mall of Georgia LLC	115,312,890	3	0.40%	89,766,456	5	0.33%
Walmart	80,725,614	4	0.28%	108,640,940	3	0.40%
Jackson EMC	74,849,640	5	0.26%	63,345,660	9	0.23%
Publix	61,910,370	6	0.21%	115,337,890	2	0.43%
AmerisourceBergen Drug Corporation	61,561,540	7	0.21%	—	—	—
Cisco Systems, formerly Scientific Atlanta Inc.	61,492,680	8	0.21%	68,611,000	6	0.25%
Atlanta Gas Light	48,204,480	9	0.17%	—	—	—
McKesson Corporation	48,007,930	10	0.16%	—	—	—
CRLP Holdings				65,014,440	7	0.24%
Duke Realty LTD				64,984,480	8	0.24%
DDRTC Holdings				57,400,160	10	0.21%

Sources: 1) Tax Assessor's Office.

2) The final tax digest dated 02/16/2018, which is the state certified digest updated with additional adjustments made during the year.

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
2008	\$ 875,936,346	\$ 819,605,181	92.7%	\$ 56,329,364	\$ 875,934,545	100.0%
2009	951,696,823	829,546,868	92.7%	122,143,031	951,689,899	100.0%
2010	866,335,239	810,612,693	93.2%	55,528,238	866,140,931	100.0%
2011	795,412,513	755,883,258	95.1%	39,227,589	795,110,847	100.0%
2012	750,433,086	722,927,859	96.4%	27,136,911	750,064,770	100.0%
2013	762,102,808	741,172,382	97.7%	20,314,746	761,487,128	99.9%
2014	840,814,023	818,211,594	97.5%	21,743,244	839,954,838	99.9%
2015	870,509,851	850,819,073	98.1%	18,632,531	869,451,604	99.9%
2016	935,329,137	911,155,811	97.8%	21,286,630	932,442,441	99.7%
2017	1,017,089,594	990,547,713	97.4%	—	990,547,713	97.4%

* 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 ⁽¹⁾	Net General Obligation Bonds ⁽²⁾	Percentage of Assessed Property Value ⁽³⁾	Per Capita	Revenue Bonds ⁽²⁾	Lease Payable ⁽²⁾
2008	780,721	66,796	0.31%	85.56	4,775	97,095
2009	796,276	55,447	0.27%	69.63	2,465	103,200
2010	808,254	36,010	0.24%	44.55	—	96,420
2011	824,166	29,629	0.21%	35.95	—	94,730
2012 ⁽²⁾	839,144	22,908	0.20%	27.30	—	92,580
2013	855,798	13,306	0.10%	15.55	—	90,365
2014	874,472	7,386	0.08%	8.45	—	87,520
2015	892,137	1,000	0.06%	1.12	—	84,545
2016	907,101	—	0.04%	—	—	81,435
2017	920,260	—	0.03%	—	—	78,175

Fiscal Year Ended Dec. 31,	Business-Type Activities			Total Primary Government	Percentage of Personal Income ⁽⁴⁾	Per Capita
	Water & Sewer Bonds ⁽²⁾	Notes Payable ⁽²⁾	Lease Payable ⁽²⁾			
2008	951,851	29,194	1,317	1,151,028	4.38%	1,474.31
2009	1,078,073	57,549	822	1,297,556	5.11%	1,629.53
2010	1,038,224	56,548	—	1,227,202	4.82%	1,518.34
2011	1,014,337	55,103	—	1,193,799	4.31%	1,448.49
2012 ⁽²⁾	961,500	52,750	—	1,129,738	3.97%	1,346.30
2013	899,277	50,347	—	1,053,295	3.57%	1,230.78
2014	835,777	47,872	—	978,555	3.12%	1,119.02
2015	769,492	45,320	—	900,357	2.69%	1,009.21
2016	709,546	42,691	—	833,672	2.38%	919.05
2017	638,230	39,983	—	756,388	Not yet available	821.93

Sources:

- 1) U.S. Census Bureau midyear population estimates. Estimates for 2010 – 2017 reflect county population estimates released March 2018.
- 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 debt.
- 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 April 20, 2018.
- 5) GASB 63 and 65 were implemented in 2012; therefore deferred losses on refundings are no longer included.

Note: Personal income data last updated November 19, 2017 – new estimate for 2016; revised estimates for 2010 – 2015.

LEGAL DEBT MARGIN INFORMATION – LAST TEN FISCAL YEARS

(in thousands of dollars)

	Fiscal Year Ended December 31,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 2,935,313	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
Total net debt applicable to limit	62,272	50,893	29,485	24,102	17,493	12,197	6,193	–	–	–
Legal debt margin	2,873,041	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
Total net debt applicable to the limit as a percentage of debt limit	2.1%	1.8%	1.1%	1.0%	0.7%	0.5%	0.2%	0.0%	0.0%	0.0%

Legal debt margin calculation for fiscal year 2017

Assessed value	\$ 29,166,255
Debt limit (10%) of assessed value	2,916,626
Debt applicable to limit:	
General obligation bonds	8,110
Less: amount set aside for repayment of general obligation debt	<u>8,110</u>
Total net debt applicable to limit	–
Legal debt margin	<u><u>\$ 2,916,626</u></u>

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

(in thousands of dollars)

Fiscal Year	Operating Revenue	Less: Operating Expenses ⁽¹⁾	Plus: Investment Income and Other ⁽²⁾	Net Revenue Available	Debt Service			Coverage	Required Coverage
					Principal	Interest	Total		
2008	194,286	98,263	2,054	98,077	30,935	31,283	62,218	1.58	1.2
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

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 ⁽¹⁾	Estimated Share of Overlapping Debt
Direct debt:			
General obligation bonds	\$ 8,110	100.00%	\$ 8,110
Amounts for issuance premiums	162	100.00%	162
Lease payable	78,175	100.00%	78,175
Total direct debt	86,447		86,447
Overlapping debt:			
Gwinnett County School District: ⁽²⁾			
General obligation bonds	1,211,060	100.00%	1,211,060
Certificates of participation	166,469	100.00%	166,469
Total Gwinnett County School District	1,377,529		1,377,529
Municipalities within Gwinnett County: ⁽³⁾			
Auburn: Capital leases	153	3.04%	5
Notes payable	721	3.04%	22
Total Auburn	874		27
Braselton: Revenue bonds payable	6,439	40.27%	2,593
Buford: General obligation bonds	44,025	92.50%	40,723
Duluth: Leases payable	72	100.00%	72
Lawrenceville: Revenue bonds	6,575	100.00%	6,575
Loganville: Capital leases payable	1,254	24.16%	303
Norcross: Capital lease payable	585	100.00%	585
Snellville: Capital leases	200	100.00%	200
Revenue bonds	2,508	100.00%	2,508
Total Snellville	2,708		2,708
Sugar Hill: Landfill closure/postclosure	1,450	100.00%	1,450
Suwanee: General obligation bonds payable	12,839	100.00%	12,839
Revenue bonds payable	4,471	100.00%	4,471
Total Suwanee	17,310		17,310
Total municipalities within Gwinnett County	81,291		72,345
Subtotal, overlapping debt	1,458,820		1,449,874
Total direct and overlapping Debt	\$ 1,545,267		\$ 1,536,321

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, 2015 population estimates).

2) Based upon the Gwinnett County Board of Education's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016.

3) Based upon individual city's audit information for the fiscal year ended 2015.

DEMOGRAPHIC AND ECONOMIC STATISTICS – LAST TEN FISCAL YEARS

Year	Population⁽¹⁾	Personal Income (amounts expressed in thousands)⁽²⁾	Per Capita Personal Income	Unemployment Rate⁽³⁾
2008	780,721	\$ 26,306,832	\$ 33,696	5.6%
2009	796,276	\$ 25,369,809	\$ 31,861	8.7%
2010	808,254	\$ 25,486,946	\$ 31,533	9.2%
2011	824,166	\$ 27,667,684	\$ 33,571	8.7%
2012	839,144	\$ 28,476,813	\$ 33,936	7.8%
2013	855,798	\$ 29,537,275	\$ 34,514	6.9%
2014	874,472	\$ 31,388,937	\$ 35,895	6.0%
2015	892,137	\$ 33,464,576	\$ 37,511	5.2%
2016	907,101	\$ 35,049,700	\$ 38,639	4.7%
2017	920,260	Not yet available	Not yet available	4.2%

Sources:

- 1) U.S. Census Bureau midyear population estimates. Estimates for 2010 – 2017 reflect county population estimates released March 2018.
- 2) Personal income data from the U.S. Bureau of Economic Analysis. Website visited April 26, 2018. 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 26, 2018.

Note: Personal income data last updated November 19, 2017 – new estimate for 2017; revised estimates for 2010 – 2015.

PRINCIPAL EMPLOYERS – CURRENT YEAR AND NINE YEARS AGO

Employer	2017			2008		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Gwinnett County Public Schools	21,007	1	4.5%	20,750	1	5.2%
Gwinnett County Government*	5,137	2	1.1%	4,991	2	1.3%
Gwinnett Health Care System	4,053	3	0.9%	4,198	3	1.1%
Publix**	4,036	4	0.9%	2,897	5	0.7%
Walmart	3,291	5	0.7%	3,593	4	0.9%
State of Georgia (includes Georgia Gwinnett College)	2,621	6	0.6%	2,167	7	0.5%
Kroger**	2,246	7	0.5%	1,904	8	0.5%
U.S. Postal Service	2,172	8	0.5%	2,301	6	0.6%
Primerica	1,738	9	0.4%	1,700	10	0.4%
NCR	1,690	10	0.4%	–	–	–
Scientific Atlanta, a Cisco Company	–	–	–	1,863	9	0.5%

Sources: Gwinnett County Office of Economic Development survey of companies, Q1 2018. 2008 principal employers obtained from page S-14 of Gwinnett County's 2008 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 2008 and 2017 (website visited April 26, 2018).

* Based on total authorized positions as of December 31, 2017 and December 31, 2008.

** Full-time equivalent employees.

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

Function	Fiscal Year Ended December 31,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	569	538	556	538	555	567	571	583	593	611
Public safety:										
Police	1,048	1,041	1,066	1,068	1,065	1,065	1,066	1,067	1,104	1,063
Fire	766	784	844	844	844	844	851	889	898	916
Corrections	142	125	139	134	134	134	134	136	136	136
Sheriff	688	701	706	706	706	706	706	713	714	722
Judiciary	452	466	466	482	469	471	478	491	504	515
Transportation	181	156	148	149	145	143	143	143	147	153
Community services	270	229	245	242	242	240	245	250	270	318
Water resources	623	604	577	576	580	579	580	592	598	620
Planning and development	154	70	81	76	72	76	80	76	78	83
Total	4,893	4,714	4,828	4,815	4,812	4,825	4,854	4,940	5,042	5,137

Source: Department of Financial Services, Budget Group

OPERATING INDICATORS BY FUNCTION – LAST TEN FISCAL YEARS

Function	Fiscal Year Ended December 31,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
General calls	532,440	528,813	498,703	451,551	441,408	419,381	405,580	401,822	414,866	382,755
Traffic calls	192,095	211,345	203,910	207,904	205,281	184,644	162,705	147,778	143,734	129,674
Officers/1,000 population	1.07	1.00	1.03	1.00	0.97	0.97	0.93	0.88	0.85	0.88
Fire										
Calls answered	63,655	65,722	62,995	64,450	66,757	66,831	71,084	74,497	78,661	79,651
Inspections	13,835	16,612	11,375	14,063	11,833	13,448	14,004	14,634	16,903	17,257
Transportation										
Street resurfacing (miles)	60	105	90	80	130	135	135	135	130	170
Parks and recreation										
Classes/programs/camps/events	6,259	6,660	6,581	6,047	6,313	6,651	7,030	7,150	7,459	7,967
Number of facility & pavilion rentals	9,268	24,122	14,283	11,298	11,781	10,385	9,543	11,530	12,099	11,126
Number of pool admissions & passes	586,009	570,090	522,322	575,000	541,000	418,310	461,893	471,480	439,434	439,063
Number of senior citizens' one-way passenger trips	39,472	30,456	35,543	32,424	36,173	28,723	38,264	47,368	78,833	57,654
Water										
Plant capacity (mgd)	225	225	225	225	225	225	225	225	225	225
Average daily consumption (mgd)	72	71	75	74	72	64	61	59	69.0	63.4
Maximum daily pumpage (mgd)	88	103	100	101	113	81	86	80	109	107
Water meters installed	1,557	620	977	946	1,417	2,560	2,544	3,422	3,650	3,566
Miles of water mains installed	45	18	6	17	18	25	10	22	18	26
Number of customers	233,675	228,807	227,356	228,223	230,652	229,126	224,771	228,579	236,950	243,948
Sewer										
Average annual daily flow (mgd)	50	53	53	50	49	53	52	53	52	54
Number of customers	146,267	146,276	147,637	148,714	150,951	156,358	157,747	160,862	167,907	170,525
Miles of sewer mains installed	46	23	7	11	5	37	10	20	28	26
Transit										
Total passengers	2,103,565	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

Source: County operating departments

CAPITAL ASSET STATISTICS BY FUNCTION – LAST TEN FISCAL YEARS

Function	Fiscal Year Ended December 31,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police precincts/stations	12	12	11	11	11	11	11	11	11	11
Fire stations	28	28	30	30	30	30	30	30	31	31
Transportation										
Miles County-maintained roads	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,500	2,568	2,572
Street lights maintained	48,161	48,643	48,774	48,539	48,697	48,607	48,865	47,723	48,209	48,819
Traffic signals maintained	643	653	666	675	685	695	701	705	713	720
Parks and recreation										
Acreage total	8,695	8,849	8,988	8,992	8,978	9,282	9,413	9,646	9,646	9,875
Competition and leisure/play pools	17	17	17	17	17	17	17	17	17	17
Sports fields	149	150	150	150	154	170	175	175	179	182
Tennis courts	47	51	51	51	51	51	51	51	53	59
Playgrounds	47	52	52	61	63	67	69	68	72	75
Libraries	14	14	15	15	15	15	15	15	15	15
Library circulation	7,102,215	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
Water										
Miles of water mains	3,399	3,408	3,411	3,665	3,667	3,692	3,702	3,725	3,743	3,769
Fire hydrants	40,614	40,805	40,877	41,642	41,749	42,258	42,447	42,788	43,241	43,647
Raw water storage (mgd)	45	45	45	45	45	45	45	45	45	45
Sewer										
Miles of sewer mains	2,640	2,663	2,670	2,650	2,654	2,691	2,700	2,722	2,750	2,776
Treatment capacity (mgd)	72	67	103	103.0	101	101	101	101	101	101
Stormwater										
Miles of pipe	1,296	1,307	1,317	1,327	1,292	1,364	1,388	1,406	1,422	1,448
Transit buses	76	85	96	96	98	98	98	98	81	82

Source: County operating departments

SINGLE AUDIT SECTION



SINGLE AUDIT SECTION

December 31, 2017

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – YEAR ENDED DECEMBER 31, 2017

Title	CFDA	Grantor Program Number	State/Local Pass-Through Entity	Federal Expenditures	Subrecipient Expenditures
U.S. Department of Housing and Urban Development					
Community Development Block Grants Cluster	14.218	B-13-UC-13-0004		19,000	16,825
Community Development Block Grants Cluster	14.218	B-14-UC-13-0004		29,293	–
Community Development Block Grants Cluster	14.218	B-15-UC-13-0004		570,976	169,674
Community Development Block Grants Cluster	14.218	B-16-UC-13-0004		599,885	437,702
Community Development Block Grants Cluster	14.218	B-17-UC-13-0004		1,373,689	1,314,609
Community Development Block Grants Cluster	14.218	B-11-UN-13-0005		29,902	29,902
SUBTOTAL – Community Development Block Grants Cluster				2,622,745	1,968,712
Community Development Block Grants/State's Program	14.228	08-NS-5063	Georgia Department of Community Affairs	22,954	22,800
Community Development Block Grants/State's Program	14.228	11-NS-5063	Georgia Department of Community Affairs	45,300	45,300
SUBTOTAL				68,254	68,100
Emergency Solutions Grant Program	14.231	S-14-UC-13-0011		20,412	3,000
Emergency Solutions Grant Program	14.231	S-16-UC-13-0011		199,631	187,440
Emergency Solutions Grant Program	14.231	S-17-UC-13-0011		183,775	183,775
SUBTOTAL				403,818	374,215
HOME Investment Partnerships Program	14.239	M-13-UC-13-0201		53,753	–
HOME Investment Partnerships Program	14.239	M-14-UC-13-0201		29,968	29,968
HOME Investment Partnerships Program	14.239	M-15-UC-13-0201		542,501	443,025
HOME Investment Partnerships Program	14.239	M-16-UC-13-0201		474,882	474,882
HOME Investment Partnerships Program	14.239	M-17-UC-13-0201		84,104	84,104
SUBTOTAL				1,185,208	1,031,979
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				4,280,025	3,443,006

continued...

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – YEAR ENDED DECEMBER 31, 2017 *(continued)*

Title	CFDA	Grantor Program Number	State/Local Pass-Through Entity	Federal Expenditures	Subrecipient Expenditures
U.S. Department of Justice					
Drug Court Discretionary Grant Program	16.585	2014-DC-BX-0043		126,143	105,221
SUBTOTAL				126,143	105,221
State Criminal Alien Assistance Program	16.606	2012-AP-BX-0755		351	—
State Criminal Alien Assistance Program	16.606	2013-AP-BX-0742		5,527	—
State Criminal Alien Assistance Program	16.606	2014-AP-BX-0007		5,162	—
State Criminal Alien Assistance Program	16.606	2015-AP-BX-0089		6,056	—
State Criminal Alien Assistance Program	16.606	2016-AP-BX-0376		45,967	—
SUBTOTAL				63,063	—
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0931		128,859	—
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0675		39,483	8,411
SUBTOTAL				168,342	8,411
Justice and Mental Health Collaboration Program	16.745	2014-MO-BX-0038		80,170	67,900
SUBTOTAL				80,170	67,900
Equitable Sharing Program	16.922	GA067015A; GA0670200; GA0670000		748,051	—
SUBTOTAL				748,051	—
TOTAL U.S. DEPARTMENT OF JUSTICE				1,185,769	181,532
U.S. Department of Labor					
WIA Adult Program	17.258	WD1417	Atlanta Regional Commission	37,949	—
WIA Adult Program	17.258	WD1813	Atlanta Regional Commission	1,214	—
SUBTOTAL – WIA Cluster				39,163	—
TOTAL U.S. DEPARTMENT OF LABOR				39,163	—

continued...

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – YEAR ENDED DECEMBER 31, 2017 *(continued)*

Title	CFDA	Grantor Program Number	State/Local Pass-Through Entity	Federal Expenditures	Subrecipient Expenditures
U.S. Department of Transportation					
Airport Improvement Program	20.106	AP013-9021-29(135)	Georgia Department of Transportation	109,460	—
Airport Improvement Program	20.106	AP017-9031-32(135)	Georgia Department of Transportation	384,451	—
SUBTOTAL				493,911	—
Highway Planning and Construction	20.205	UP1424	Atlanta Regional Commission	262,440	—
Highway Planning and Construction	20.205	MSL00-0004-00(430)	Georgia Department of Transportation	1,534,310	—
Highway Planning and Construction	20.205	CSSTP-0008-00(905)	Georgia Department of Transportation	11,680	—
Highway Planning and Construction	20.205	PI-0010662	Georgia Department of Transportation	441,582	—
Highway Planning and Construction	20.205	PI-0010663	Georgia Department of Transportation	393,300	393,300
Highway Planning and Construction	20.205	PI-0010664	Georgia Department of Transportation	374,329	—
Highway Planning and Construction	20.205	PI-0010877	Georgia Department of Transportation	1,299,420	—
Highway Planning and Construction	20.205	PI-0015085	Georgia Department of Transportation	2,568,264	—
Highway Planning and Construction	20.205		Georgia Department of Transportation	45,309	—
Highway Planning and Construction	20.205	PI-0012641	Georgia Department of Transportation	121,775	—
Highway Planning and Construction	20.205	PI-0012883	Georgia Department of Transportation	45,472	—
Highway Planning and Construction	20.205	PI-0012884	Georgia Department of Transportation	59,809	—
Recreational Trails Program	20.219	NRT-14(9)	Georgia Department of Natural Resources	99,864	—
SUBTOTAL – Highway Planning and Construction Cluster				7,257,554	393,300
Federal Transit-Formula Grant	20.507	GA-90-X287-00		59,849	—
Federal Transit-Formula Grant	20.507	GA-90-X231-00		521,929	—
Federal Transit-Formula Grant	20.507	GA-90-X275-00		1,036,160	—
Federal Transit-Formula Grant	20.507	GA-90-X315-00		79,805	—
Federal Transit-Formula Grant	20.507	GA-90-X336-00		106,345	—
Federal Transit-Formula Grant	20.507	GA-90-X349-00		226,724	—
Federal Transit-Formula Grant	20.507	GA-2017-004-00 (OP)		6,875,849	—
Federal Transit-Formula Grant	20.507	GA-2017-006-00		425,579	—
SUBTOTAL – Federal Transit Cluster				9,332,240	—
New Freedom Program	20.521	AG1702	Atlanta Regional Commission	127,225	—
New Freedom Program	20.521	AG1832	Atlanta Regional Commission	2,563	—
SUBTOTAL – Transit Services Programs Cluster				129,788	—
TOTAL U.S. DEPARTMENT OF TRANSPORTATION				17,213,493	393,300

continued...

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – YEAR ENDED DECEMBER 31, 2017 *(continued)*

Title	CFDA	Grantor Program Number	State/Local Pass-Through Entity	Federal Expenditures	Subrecipient Expenditures
U.S. Department of Treasury					
Equitable Sharing Program	21.000	GA0670000		199,099	—
SUBTOTAL				199,099	—
TOTAL U.S. DEPARTMENT OF TREASURY				199,099	—
Environmental Protection Agency					
Congressionally Mandated Projects	66.202	XP-9740-13-00-0		158,881	—
SUBTOTAL				158,881	—
TOTAL ENVIRONMENTAL PROTECTION AGENCY				158,881	—
U.S. Department of Health and Human Services					
Special Programs for the Aging-Title III, Part B-Supportive Services and Senior Center	93.044	AG1307	Atlanta Regional Commission	193	—
Special Programs for the Aging-Title III, Part B-Supportive Services and Senior Center	93.044	AG1307	Atlanta Regional Commission	3,254	—
Special Programs for the Aging-Title III, Part B-Supportive Services and Senior Center	93.044	AG1507	Atlanta Regional Commission	27,078	—
Special Programs for the Aging-Title III, Part B-Supportive Services and Senior Center	93.044	AG1507	Atlanta Regional Commission	46,060	—
Special Programs for the Aging-Title III, Part B-Supportive Services and Senior Center	93.044	AG1507	Atlanta Regional Commission	82,370	—
Special Programs for the Aging-Title III, Part B-Supportive Services and Senior Center	93.044	AG1813	Atlanta Regional Commission	99,482	—
Special Programs for the Aging-Title III, Part C-Nutrition Services	93.045	AG1210	Atlanta Regional Commission	903	—
Special Programs for the Aging-Title III, Part C-Nutrition Services	93.045	AG1307	Atlanta Regional Commission	20,839	—
Special Programs for the Aging-Title III, Part C-Nutrition Services	93.045	AG1507	Atlanta Regional Commission	6,631	—
Special Programs for the Aging-Title III, Part C-Nutrition Services	93.045	AG1507	Atlanta Regional Commission	187,521	—
Special Programs for the Aging-Title III, Part C-Nutrition Services	93.045	AG1507	Atlanta Regional Commission	192,025	—
Special Programs for the Aging-Title III, Part C-Nutrition Services	93.045	AG1813	Atlanta Regional Commission	212,708	—
Nutrition Services Incentive Program	93.053	AG1210	Atlanta Regional Commission	25	—
Nutrition Services Incentive Program	93.053	AG1507	Atlanta Regional Commission	4,231	—
Nutrition Services Incentive Program	93.053	AG1507	Atlanta Regional Commission	61,656	—
Nutrition Services Incentive Program	93.053	AG1813	Atlanta Regional Commission	33,922	—
SUBTOTAL – Aging Cluster				978,898	—

continued...

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – YEAR ENDED DECEMBER 31, 2017 *(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	(2)	–
National Family Caregiver Support	93.052	AG1507	Atlanta Regional Commission	17,639	–
National Family Caregiver Support	93.052	AG1507	Atlanta Regional Commission	16,108	–
National Family Caregiver Support	93.052	AG1507	Atlanta Regional Commission	22,479	–
SUBTOTAL				56,224	–
Substance Abuse and Mental Health Services	93.243	5H79TI026114-01		383,380	382,629
SUBTOTAL				383,380	382,629
Temporary Assistance for Needy Families	93.558	42700-040-0000052434	Georgia Court Appointed Special Advocate	16,648	–
Temporary Assistance for Needy Families	93.558	42700-040-0000061460	Georgia Court Appointed Special Advocate	17,015	–
SUBTOTAL – Temporary Assistance for Needy Families Cluster				33,663	–
Social Services Block Grant	93.667	AG1307	Atlanta Regional Commission	101	–
Social Services Block Grant	93.667	AG1507	Atlanta Regional Commission	1,506	–
Social Services Block Grant	93.667	AG1307	Atlanta Regional Commission	2,764	–
Social Services Block Grant	93.667	AG1507	Atlanta Regional Commission	5,530	–
Social Services Block Grant	93.667	AG1507	Atlanta Regional Commission	76	–
Social Services Block Grant	93.667	AG1813	Atlanta Regional Commission	9,754	–
Social Services Block Grant	93.667	AG1813	Atlanta Regional Commission	7,254	–
SUBTOTAL				26,985	–
Home Delivered Meals Program	93.778	000272742B	Georgia Department of Community Health	12,768	–
SUBTOTAL – Medicaid Cluster				12,768	–
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				1,491,918	382,629

continued...

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – YEAR ENDED DECEMBER 31, 2017 *(continued)*

Title	CFDA	Grantor Program Number	State/Local Pass-Through Entity	Federal Expenditures	Subrecipient Expenditures
Executive Office of the President					
High Intensity Drug Trafficking Area	95.001	G16GA0003A	City of Atlanta	355,127	—
High Intensity Drug Trafficking Area	95.001	G17GA0009A		83,940	—
SUBTOTAL				439,067	—
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT				439,067	—
U.S. Department of Homeland Security					
Emergency Management Performance Grants	97.042	OEM16-069	Georgia Department of Homeland Security	88,175	—
SUBTOTAL				88,175	—
Assistance to Firefighters Grant	97.044	EMW-2016-FP-00596		119,321	—
Assistance to Firefighters Grant	97.044			(5,968)	—
SUBTOTAL				113,353	—
Homeland Security Grant Program	97.067	EMW-2016-SS-00007-S01	Georgia Department of Homeland Security	36,633	—
Homeland Security Grant Program	97.067	EMW-2016-SS-00007-S01	Georgia Department of Homeland Security	40,688	—
Homeland Security Grant Program	97.067	EMW-2016-SS-00007-S01	Georgia Department of Homeland Security	17,972	—
Homeland Security Grant Program	97.067	EMW-2016-SS-00007-S01	Georgia Department of Homeland Security	4,383	—
SUBTOTAL				99,676	—
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY				301,204	—
TOTAL FEDERAL ASSISTANCE				25,308,619	4,400,467

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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**

**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, 2017, 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 12, 2018. Our report includes a reference to other auditors who 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.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a material weaknesses.

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*.

The County's Response to the Finding

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 12, 2018



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

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, 2017. 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 received \$8,390,933 in federal awards which are not included in the County's Schedule of Expenditures of Federal Awards during the year ended December 31, 2017. 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.

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, 2017.

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 12, 2018

GWINNETT COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2017

(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: **yes**
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:
Highway Planning and Construction Cluster, CFDA #20.205 / 20.219
Aging Cluster, CFDA #93.044 / 93.045 / 93.053
- (h) Dollar threshold to distinguish between Type A and Type B programs: **\$759,259**
- (i) Audit qualified as a low-risk auditee under the Uniform Guidance: **yes**

GWINNETT COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2017

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

2017-001 – Reporting Capital Assets

Criteria: Generally accepted accounting principles primarily require capital assets to be recorded for assets owned by a government whose benefits are used over several years. For assets held for public benefit, such as roads, ownership is considered the right to use and enjoy property including the right to determine how the property is used. Ownership is often determined by title, however facts and circumstances of the situation should be considered. When title or ownership is unclear, often the entity which maintains the property should report the capital asset on their financial statements.

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.

Context/Cause: The infrastructure assets in question related to state roads for which capitalizable costs were incurred by the County, some of which were reimbursed by the State of Georgia. Several years ago, the County inquired of State of Georgia personnel regarding the capitalization of the County costs for these projects. At the time, the County received information from State personnel that the State was not capitalizing the County costs for these projects and the County determined that it should capitalize these costs as County citizens were benefiting from the road projects. During the year ended December 31, 2017, the County again had discussions with State personnel and it was determined that the State was actually capitalizing the costs for certain rights of way and the related construction costs and, as a result, the County should not have capitalized these costs.

Effect: A restatement of \$99,366,128 was required to remove and properly report governmental capital assets related to the costs incurred on these projects in prior years.

GWINNETT COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2017

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

2017-001 – Reporting Capital Assets (continued)

Recommendation: We recommend the County coordinate with the State Department of Transportation to establish project settlement rules at the beginning of a project to ensure assets are capitalized by the proper entity.

Management's Response: The County will continue to coordinate with the State Department of Transportation to establish project settlement rules for each project. Communication between County departments, as well as with the State, will be ongoing throughout each project. A thorough review of each project will take place at the beginning of the project as well as quarterly. Guidelines have been established for the Accounting Division, and a list of specific questions will be asked of both the County's and the State's Department of Transportation. This process will ensure changes to costs and funding sources of the project are captured and will provide adequate information for staff to make the correct decision to capitalize or expense the project costs.

(3) Findings and Questioned Costs Relating to Federal Awards

None.



MANAGEMENT'S CORRECTIVE ACTION PLAN

2017-001 – Reporting Capital Assets

Name of the Contact Person Responsible for the Corrective Action Plan: Maria Woods, Finance Director / CFO.

Corrective Action Plan: The County will continue to coordinate with the State Department of Transportation to establish project settlement rules for each project. Communication between County departments, as well as with the State, will be ongoing throughout each project. A thorough review of each project will take place at the beginning of the project as well as quarterly. Guidelines have been established for the Accounting Division, and a list of specific questions will be asked of both the County's and the State's Department of Transportation. This process will ensure changes to costs and funding sources of the project are captured and will provide adequate information for staff to make the correct decision to capitalize or expense the project costs.

Anticipated Completion Date: The corrective action plan for projects completed in 2017 and prior years was implemented on April 30, 2018. For projects beginning in 2018 the plan will be implemented no later than December 31, 2018.

DID YOU KNOW

Lawrenceville was chosen as the county seat of Gwinnett in 1821 and is the oldest city in the five-county metro Atlanta area.

DISCLOSURE SECTION



DISCLOSURE SECTION

(UNAUDITED)

CONTINUING ANNUAL AND 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:

	Annual Financial Information SEC Rule 15c2-12 (9b) (5) (I) (A)	Audited Annual Financial Statements SEC Rule 15c2-12 (B) (5) (I) (B)	Notice Of Material Events SEC Rule (B) (5) (I) (C)	Notice of Failure to Provide Annual Information SEC Rule (B) (5) (I) (D)
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 2008*
- *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

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” 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.

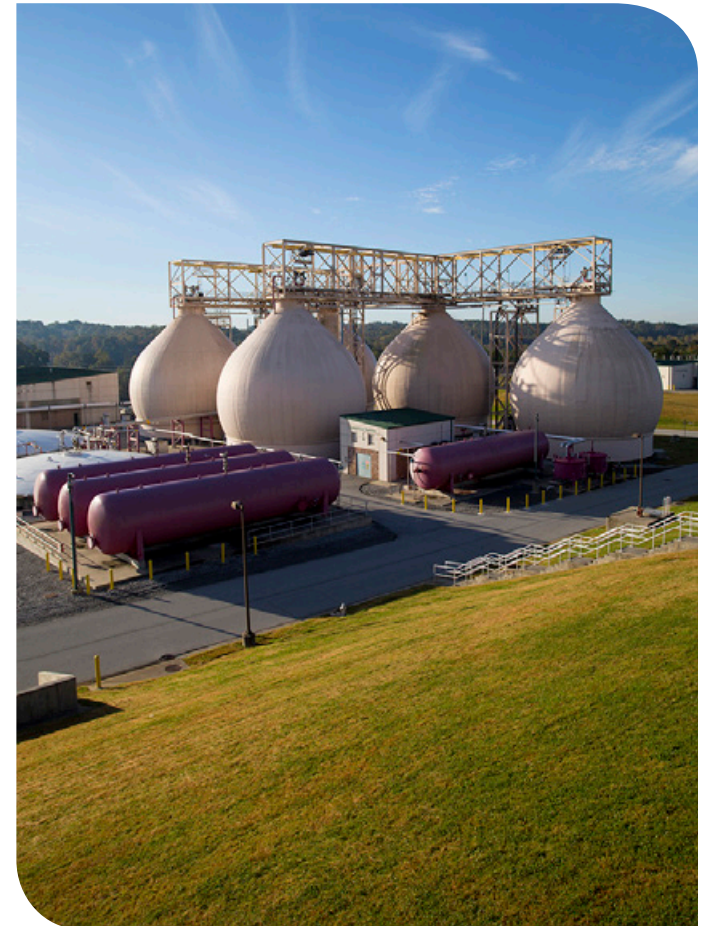
Distribution Mains: The distribution main system consists of approximately 3,589 miles of pipes in addition to the transmission mains. These pipes consist of varying materials and sizes, and distribute water from the transmission main system to the customers. More than 50 percent of the distribution system has been installed in the last 25 years.

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, 2017, the water system had 243,948 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 2008 – 2017

The following table shows the average daily consumption in MGD of water billed by the Water System during the years 2008 through 2017:

Year	Gwinnett County Consumption		Out-of-County Consumption	Total Average Daily Consumption
	Retail	Wholesale	Wholesale	
2008	62.38	2.72	0.94	66.04
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

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 10.8 percent for 2017. 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, 2017. Total Gwinnett County water usage during the 12 months ending December 31, 2017, was 22,789,482 thousands of gallons, generating \$160,614,126 in usage revenues (excluding late fees). No single retail customer accounted for more than 1.17 percent of total water system usage in 2017, and the 10 largest retail customers together accounted for 4.19 percent of such consumption. Gwinnett County generated \$17,947,182 in conservation tier charge revenue from water customers who exceeded consumption of 8,000 gallons in any given month.

WATER USE: 10 LARGEST RETAIL WATER CUSTOMERS – 2017

Customer	Thousands of Gallons-Per-Year	MGD	Total Revenues Received
Gwinnett County Board of Education	267,211.5	0.73	\$ 1,437,224
Gwinnett County Government	227,716.8	0.62	1,224,752
Publix	131,546.2	0.36	707,507
Gwinnett County Jail	78,769.2	0.22	415,631
OFS Brightwave	64,981.8	0.18	343,021
Quality Technology Service	38,406.4	0.11	202,737
Suzanna's Kitchen 2	37,604.1	0.10	198,054
ROC III SGA Promenade at Berkeley Lake	36,907.4	0.10	194,824
Suzanna's Kitchen 1	36,441.3	0.10	192,364
Phillips State Prison	35,994.8	0.10	190,005
TOTAL	955,579.5	2.62	\$ 5,106,119

WATER USE: WHOLESALE WATER CUSTOMERS – 2017

Customer	Thousands of Gallons-Per-Year	MGD	Total Revenues Received
City of Lawrenceville	630,922.4	1.73	\$ 3,078,884
City of Loganville	137,757.4	0.38	677,717
City of Buford	35,186.3	0.10	173,114
City of Braselton	1,470.5	0.00	7,234
City of Auburn	1,931.9	0.01	9,504
Walton County Water	743.4	0.00	3,657
City of Suwanee	173.1	0.00	851
Barrow County	2.9	0.00	14.27
TOTAL	808,187.9	2.22	\$ 3,950,975

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 (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, 2017	Effective Jan 1, 2019	Effective Jan 1, 2021
Tier 1: \$4.92/1,000 gal	Tier 1: \$4.99/1,000 gal	Tier 1: \$5.06/1,000 gal
Tier 2: \$7.38/1,000 gal	Tier 2: \$7.49/1,000 gal	Tier 2: \$7.59/1,000 gal
Tier 3: \$9.84/1,000 gal	Tier 3: \$9.98/1,000 gal	Tier 3: \$10.12/1,000 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, 2017	Effective Jan 1, 2019	Effective Jan 1, 2021
\$9.84/1,000 gal	\$9.98/1,000 gal	\$10.12/1,000 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 – 2021
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 hydropower 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 per-

manent 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, and 91 MGD for the years 2006 – 2017, 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 11th 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.



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 2016.

SEWERAGE SYSTEM CAPACITY AND USAGE IN 2017

(All flows are in millions of gallons per day, MGD)

Wastewater Reclamation Facilities (WRFs)	Permit	ADMMF	AADF
F. Wayne Hill WRC	60.0	35.46	33.66
Crooked Creek WRF	18.5	7.70	6.78
Yellow River WRF	22.0	14.00	13.34
TOTAL SYSTEM⁽¹⁾	100.5	57.16	53.78

⁽¹⁾ 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 2017, the violations reported were zero, ten, four, two, zero, zero, one, zero, two, 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 142 awards from the National Association of Clean Water Agencies and the Georgia Association of Water Professionals in the years 2008 through 2017 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.

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, and 12,840 mg in 2017 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 \$1,000 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 3,053 miles of gravity and force main sewers ranging in size from eight inches to 72 inches in diameter, and approximately 220 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 2030 Water and Wastewater Master Plan identified infrastructure improvement needs through the 2030 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 2017 were 31, 30, 22, 23, 14, 25, 24, 43, and 42, 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, 2017, the Sewerage System had 170,525 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 2017. Total Gwinnett County sewer usage during 2017 was 16,399,657 thousands of gallons, generating \$144,688,527 in usage revenues (excluding late fees). No single retail user accounted for more than 1.28 percent of total Sewerage System consumption in 2017, and the 10 largest users together accounted for 4.57 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 0.44 MGD of wastewater in 2017 and was billed \$1,285,720. The City of Lawrenceville produced 1.62 MGD of wastewater in 2017 and was billed \$4,684,076. These two wholesale customers accounted for 4.58 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 – 2017

Customer	Thousands of Gallons-Per-Year	MGD	Total Revenues Received
Gwinnett County Board of Education	211,087.4	0.58	\$ 1,684,511
Gwinnett County Government	157,834.5	0.43	1,308,744
Publix	68,677.3	0.19	728,014
Gwinnett County Jail	67,488.1	0.18	538,963
ROC III SGA Promenade at Berkeley	49,271.9	0.13	401,732
Phillips State Prison	47,582.6	0.13	389,884
MTS - Sweetwater	37,892.5	0.10	312,647
Bridgewater Operating CO	37,212.7	0.10	308,771
Mall of Georgia LLC	36,883.1	0.10	301,899
Domain Apartments	36,334.8	0.10	299,140
TOTAL	750,264.9	2.04	\$ 6,274,305

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 (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 Jan 1, 2017	Effective Jan 1, 2019	Effective Jan 1, 2021
\$7.98/1,000 gal	\$8.14/1,000 gal	\$8.30/1,000 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)

	2017	2016	2015	2014	2013
Operating Revenues:					
Residential and commercial service	\$ 297,850	\$ 305,826	\$ 293,549	\$ 288,199	\$ 263,997
Wholesale service	5,240	4,999	4,532	4,287	4,333
Public fire protection charges to other funds	701	686	683	677	670
Connection charges	1,446	1,498	1,431	1,209	1,110
Miscellaneous	6,328	5,047	5,779	4,635	7,124
Total operating revenues	311,565	318,056	305,974	299,007	277,234
Operating Expenses:					
Water production	12,634	15,322	13,474	14,564	17,492
Distribution and collection	34,371	32,802	30,442	31,090	28,537
Engineering	5,931	5,112	4,547	4,465	4,633
Reclamation	32,072	35,708	35,986	31,826	30,465
Depreciation	93,522	81,671	78,968	77,632	81,583
General and administrative	32,625	31,890	21,579	26,692	30,404
Total operating expenses	211,155	202,505	184,996	186,269	193,114
Operating income	100,410	115,551	120,978	112,738	84,120
Non-operating Revenues (Expenses):					
Investment earnings	3,281	272	1,426	868	355
Interest expense	(22,055)	(25,589)	(34,569)	(38,402)	(40,770)
Loss on disposal of fixed assets	(1,962)	(1,526)	(17,667)	(1,902)	(26,582)
Income before operating transfers and contributions	79,674	88,708	70,168	73,302	17,123
Capital contributions	48,412	51,033	43,978	29,051	21,471
Transfers in	-	-	130	-	-
Transfers out	(165)	(165)	(165)	(165)	(165)
Increase in net position	127,921	139,576	114,111	102,188	38,429
Net position, January 1	2,744,044	2,604,468	2,490,357	2,399,833	2,361,404
Net position, December 31	\$ 2,871,965	\$ 2,744,044	\$ 2,604,468	\$ 2,502,021	\$ 2,399,833

SECURITY FOR THE BONDS

GENERAL

The Series 2008, 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 will begin in 2016.

In April of 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 2008, 2009A, 2009B, 2011, 2015, 2016, and 2016A are as follows:

Bond Year Ending December 31	Second Lien						
	Debt Service Requirements 2008	Debt Service Requirements 2009A	Debt Service Requirements 2009B	Debt Service Requirements 2011	Debt Service Requirements 2015	Debt Service Requirements 2016	Debt Service Requirements 2016A
2018	10,904,250	17,788,088	1,301,548	18,366,500	33,133,912	5,834,328	2,467,231
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
2,022	–	17,784,288	1,301,548	18,366,500	8,515,638	11,982,564	15,989,937
2023 – 2027	–	88,937,600	6,507,738	55,103,000	–	65,713,866	79,947,612
2028 – 2029	–	15,080,000	26,344,095	–	–	–	15,990,753
Total	10,904,250	192,948,440	39,359,573	146,935,400	67,448,066	119,231,248	162,367,707

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 and click on the [Your Money](#) button.



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[ARCHIVE: FINANCIAL REPORTS](#)

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Gwinnett
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