



Gwinnett

# 2018

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended December 31, 2018

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**GWINNETT COUNTY**  
GEORGIA

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Gwinnett

GWINNETT COUNTY, GEORGIA





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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended December 31, 2018

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### BOARD OF COMMISSIONERS

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**Charlotte Nash**  
*Chairman*



**Jace Brooks**  
*District 1*



**Ben Ku**  
*District 2*



**Tommy Hunter**  
*District 3*



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

Prepared by: Department of Financial Services and the Communications Division

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# INTRODUCTORY SECTION

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







June 20, 2019

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

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

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

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

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

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



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

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

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

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



# PROFILE OF THE GOVERNMENT

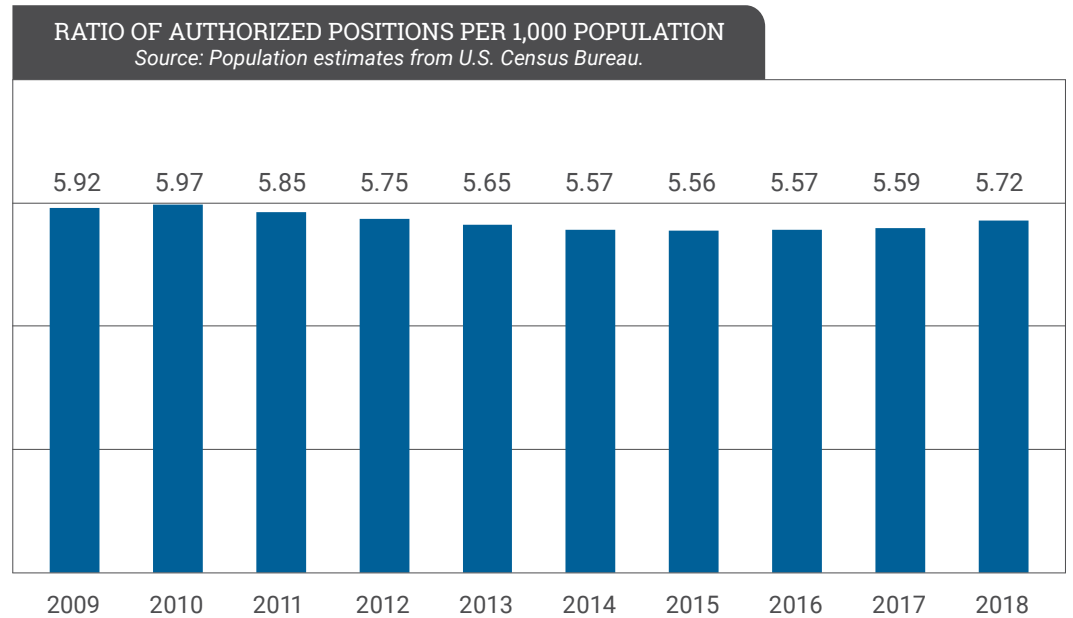
Gwinnett County is a world class residential, business, and tourist destination that was named for Button Gwinnett, one of Georgia's three signers of the Declaration of Independence. The Georgia legislature created Gwinnett County on December 15, 1818.

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

## Population

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

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



## Government Structure and Services Provided

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

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

## Bond Rating

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

# ASSESSING THE COUNTY'S ECONOMIC CONDITION

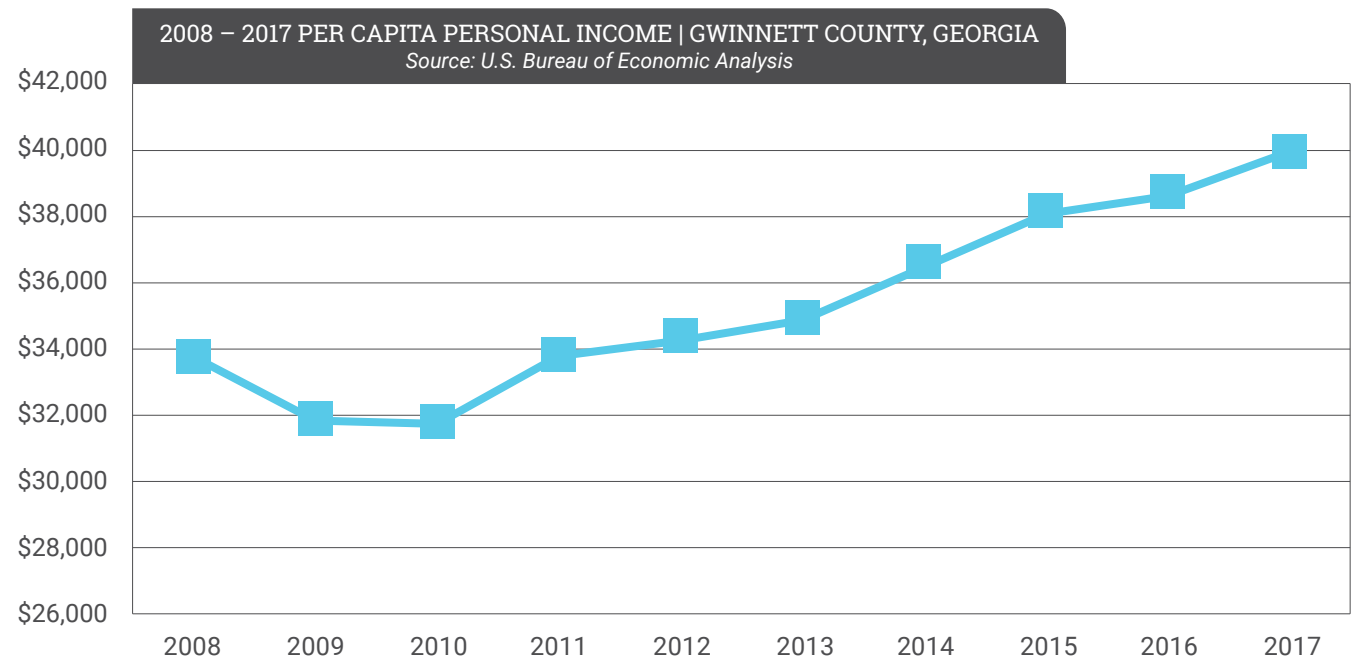
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

## Local Economy

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

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

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



## Long-Term Financial Planning and Economic Development

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

**Vision** – *Gwinnett County sets the standard as a dynamic, vibrant community where all people can enjoy essential economic opportunities, safe neighborhoods, plentiful greenspace, and recreational facilities. We are committed to partnering with others in our community who share a dedication to making life better for our citizens.*

This vision serves as the foundation for the County's formal Long-Term Financial Planning (LTFP) Policy, which was adopted by the Board of Commissioners in 2012 and amended in 2017. The policy ensures ongoing financial sustainability beyond a single fiscal year budget cycle. The LTFP process evaluates known internal and external issues impacting the County's financial condition. Such issues are identified, presented, and mitigated when and where possible. The process begins by identifying critical areas that have, or are expected to have, an impact on the financial condition of the County over the next five years. Once the issues are identified, specific goals and objectives are developed for each structural deficiency.

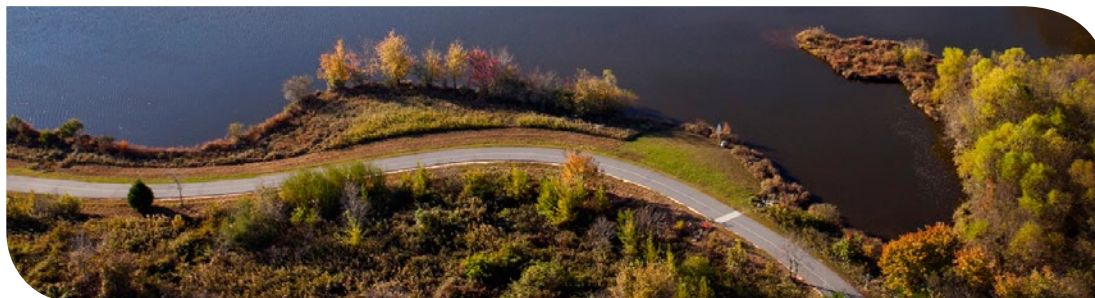
The LTFP Policy is a constantly changing and evolving document that is routinely updated and presented on an ongoing five-year rolling basis. The policy is incorporated into the County's Business Planning Process and presented to the Chairman, the Board of Commissioners, and staff throughout the formulation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

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

The LTFP Policy forecasts revenues, expenditures, and financial position at least five years into the future or longer where specific issues call for a longer time horizon. County staff regularly look for and implement opportunities to improve the quality of the forecasting, analysis, and strategy development that is part of the planning process. These improvements are primarily identified through the comparison of projected performance with actual results.

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

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



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

The [Comprehensive Transportation Plan](#) (CTP) informs Gwinnett County officials and its residents on the subject of future transportation needs, projects that address those needs, and the advantages, costs, and potential funding sources for those projects. The prior CTP was developed in 2007 – 2008. The County completed the update to the CTP named Destination2040 in 2017.

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

The Gwinnett County **Water and Wastewater Master Plan**, adopted in 2018, is fully aligned with the 2040 Unified Plan. This plan was jointly developed by the Department of Planning and Development and the Department of Water Resources, along with a large team of consultants, County staff, and residents. The plan outlines the water and wastewater infrastructure needs in the county through 2040, establishing triggers that will be measured and monitored by staff on an annual basis in order to establish a realistic project design and construction timeline to ensure that these infrastructure needs continue to be met for the residents of Gwinnett in a just-in-time fashion.

Gwinnett County has a history of being proactive in addressing its parks and recreation needs. Planning is key, but plans cannot remain static – not in a county whose population has grown from about 72,000 in 1970 to more than 920,000 today. Gwinnett County is consistently re-evaluating the long-term recreation plan in a fiscally responsible manner, relying heavily on community involvement in the process. Gwinnett County's **Comprehensive Parks and Recreation Master Plan**, supported by the 2017 Update of the Gwinnett County Parks and Recreation Capital Improvement Plan, provides a roadmap for addressing these issues. Gaps in service levels are identified, solutions are suggested, and costs for construction and operations are estimated. The plan incorporates numerous factors including population growth, cultural diversity, leisure trends, service delivery, budgetary constraints, and resident input.

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

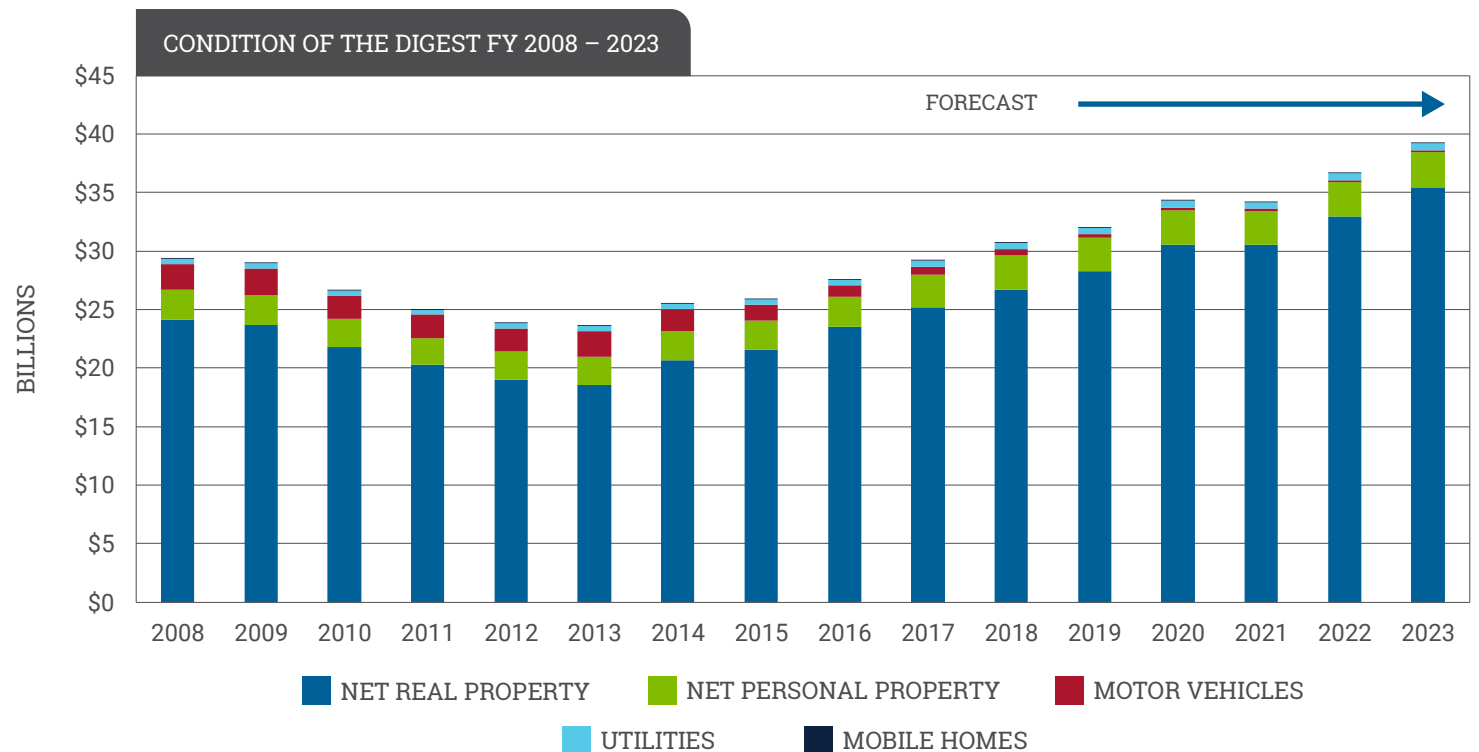
The [Solid Waste Management Plan](#) was last amended in 2008 after an intensive 16-month study undertaken by national solid waste experts and an extensive stakeholder participation process in which more than 5,000 local residents participated. The plan update addresses provisions that were required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

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

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

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

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



## **Rising Health Care Costs**

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

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

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

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

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

## **Accrued Liabilities**

A challenging area for the County, like other governments, has been funding its Defined Benefit (DB) Pension and Other Post-Employment Benefits (OPEB) plans. Beginning in 2007, the County closed the DB pension plan to new employees and committed to amortize the unfunded liability over 20 years. In 2015, the Retirement Plan Management Committee decreased the DB plan's assumed rate of return and extended the amortization period by five additional years. These changes increased the plan's unfunded liability, but decreased the plan's dependence on market returns.

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

## **Environmental Sustainability**

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



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

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

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

### **Capital Improvement Program**

Maintaining and expanding the County’s infrastructure – including water, sewer, recreation, transportation, criminal justice, and public safety – remains a high priority. The Capital Improvement Program captures and coordinates the needs and plans of all County departments. A Capital Improvement Plan (CIP) describes the capital projects and associated funding sources the County intends to undertake in the current year plus five additional future years, including the acquisition or construction of capital facilities and assets, and the maintenance thereof. In Gwinnett County, a capital project is defined as a project with a useful life of 10 years or more and a cost of at least \$250,000 within six consecutive years, or more than \$100,000 in one year. Each year County staff develops a six-year, long-range CIP that describes and prioritizes the capital projects the County intends to undertake.

### **Internal Controls**

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

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

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

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



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

### Budgetary Controls

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

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

### Internal Audit

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

### Strategy and Performance Management

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

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

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

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

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

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

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

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



# ACCOMPLISHMENTS

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

## *"Enjoy essential economic opportunities"*

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

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

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

## *"Safe neighborhoods"*

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

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

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

*“Plentiful greenspace and recreational facilities”*

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

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



*“Making life better for our citizens”*

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

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



*“Partnering with Others in our Community”*

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

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

# AWARDS AND ACKNOWLEDGEMENTS

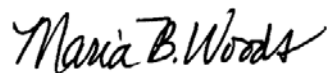
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Gwinnett County received numerous awards in 2018. The list below includes only a handful of awards won in 2018. A complete list can be found at [www.gwinnettcountry.com](http://www.gwinnettcountry.com).

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

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

Respectfully submitted,

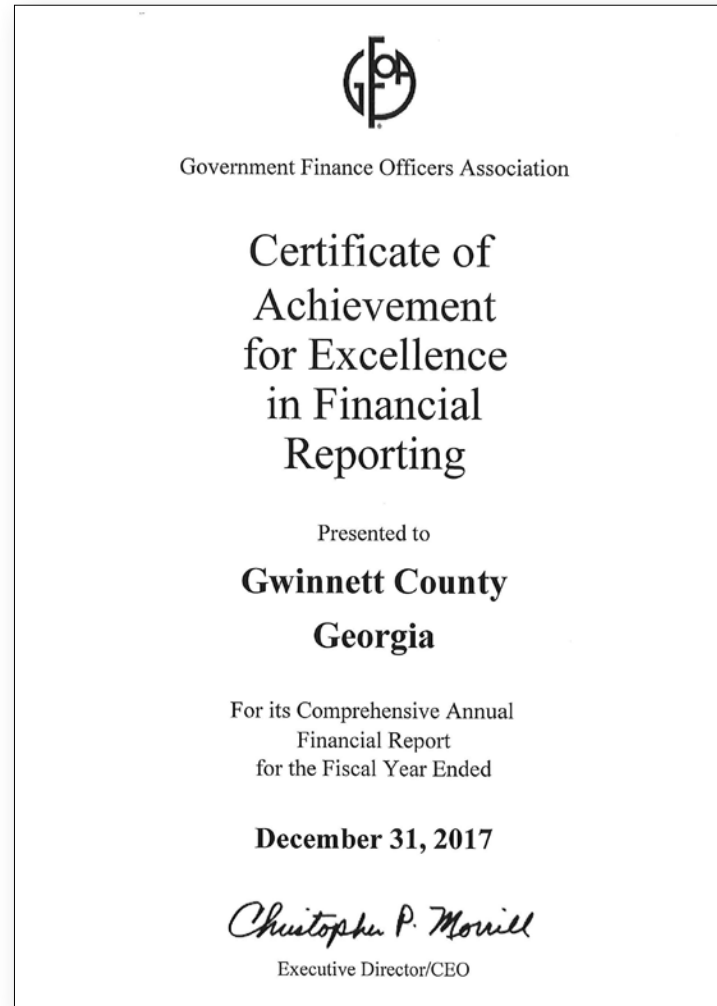


Maria B. Woods, CPA, CPFO  
CFO/Director of Financial Services

# CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

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



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

GWINNETT COUNTY  
ORGANIZATIONAL CHART

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

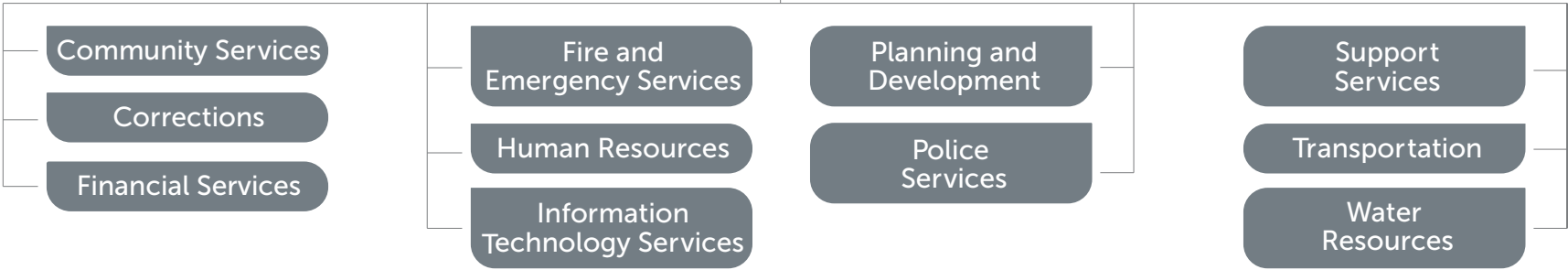
County Clerk

Internal Audit

County Administrator

Deputy County Administrator

- Clean & Beautiful
- Communications
- Community Outreach
- Economic Development





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## COUNTY ADMINISTRATION & DEPARTMENT DIRECTORS

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**County Administrator**

Glenn P. Stephens

**Deputy County Administrator**

Phil Hoskins

**Acting County Attorney**

Mike Ludwiczak

**Community Services**

Tina Fleming, Director

**Corrections**

Darrell Johnson, Warden

**Financial Services**

Maria Woods, CFO/Director

**Fire and Emergency Services**

Chief Russell Knick

**Human Resources**

Sheryl Dallas, Director

**Information Technology Services**

Abe Kani, Director/CIO

**Planning and Development**

Kathy Holland, Director

**Police Services**

Chief Butch Ayers

**Support Services**

Angelia Parham, Director

**Transportation**

Alan Chapman, Director

**Water Resources**

Ron Seibenhener, Director

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## ELECTED OFFICIALS

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**Clerk of Court**

Richard T. Alexander Jr.

**District Attorney**

Danny Porter

**Chief Magistrate Court Judge**

Kristina Hammer Blum

**Probate Court Judge**

Christopher A. Ballar

**Sheriff**

R.L. "Butch" Conway

**Solicitor**

Brian Whiteside

**Tax Commissioner**

Richard Steele

**State Court Judges**

Pamela D. South, Chief Judge

Carla E. Brown

John F. Doran Jr.

Emily J. Brantley

Shawn F. Bratton

Ronda Colvin Leary

Howard E. Cook, Senior Judge

Joseph C. Iannazzone, Senior Judge

Robert W. Mock Sr., Senior Judge

**Superior Court Judges**

George F. Hutchinson III, Chief Judge

Melodie Snell Conner

Tracie H. Cason

R. Timothy Hamil

Ronnie K. Batchelor

Tracey D. Mason

Warren Davis

Karen E. Beyers

Kathryn M. Schrader

Randolph G. Rich

K. Dawson Jackson, Senior Judge

Fred A. Bishop Jr., Senior Judge

Debora K. Turner, Senior Judge

Tom Davis, Senior Judge

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## JUDICIALLY APPOINTED OFFICIALS

---

**Juvenile Court Judges**

Robert V. Rodatus, Presiding Judge

Tadia D. Whitner

Robert Waller

**Recorder's Court Judges**

Michael Greene, Chief Judge

Rodney S. Harris

Ramon Alvarado

**Clerk of Recorder's Court**

Jeff C. West

**Court Administrator**

Philip M. Boudewyns

GWINNETT COUNTY

DEPARTMENT OF  
FINANCIAL SERVICES

CFO/Department Director

Deputy Director

Deputy Director

Purchasing  
Division

Office of  
Strategy &  
Performance  
Management

Tax Assessor  
Division

Accounting  
Division

Budget &  
Grants  
Management  
Division

Treasury  
Division

# ACCOUNTING DIVISION

---

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

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

Natalie **Williams**, Accounting Manager

Dana **Brunson**, Financial Analyst

Alicia **Carmon**, Financial Analyst

Deirdre **Diggs**, Financial Analyst

Suhelly **Lopez**, Financial Analyst

Anna **Payne**, Financial Analyst

Erika **Rivera**, Financial Analyst

Denise **Troup**, Financial Analyst



# FINANCIAL SECTION

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





## INDEPENDENT AUDITORS' REPORT

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The Board of Commissioners of Gwinnett County  
Lawrenceville, Georgia

### Report on the Financial Statements

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

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

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

### *Auditor's Responsibility*

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

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

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

### ***Opinions***

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

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

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

### ***Other Matters***

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

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

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*Other Information*

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

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

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

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

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

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

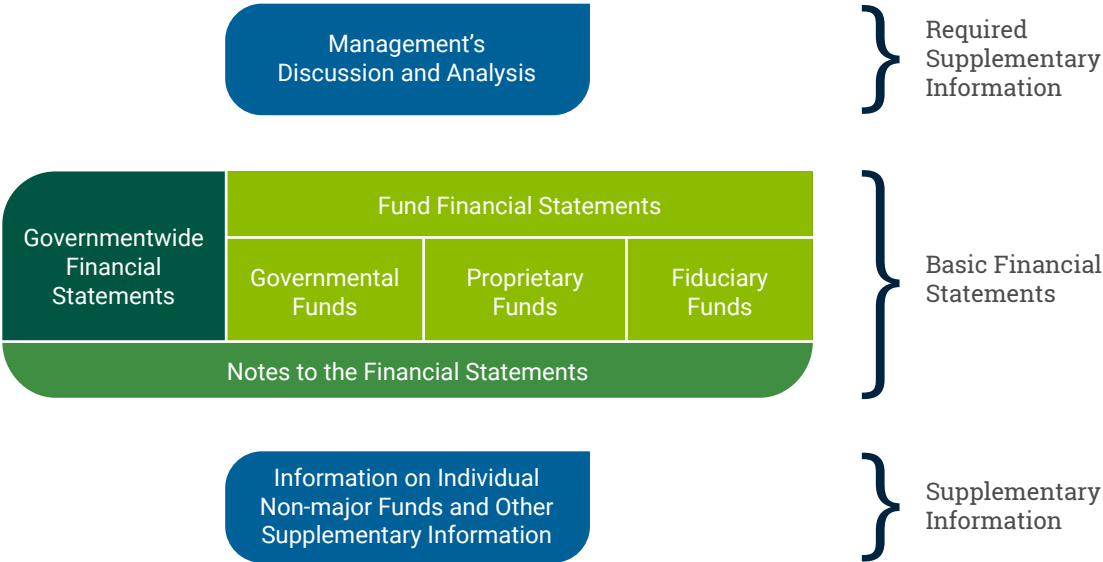
Atlanta, Georgia  
June 20, 2019

# MANAGEMENT’S DISCUSSION AND ANALYSIS

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

## Overview of the Financial Statements

This document is arranged in the following format:



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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# FINANCIAL HIGHLIGHTS

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



# GOVERNMENTWIDE FINANCIAL ANALYSIS

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

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

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

\*Restated

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

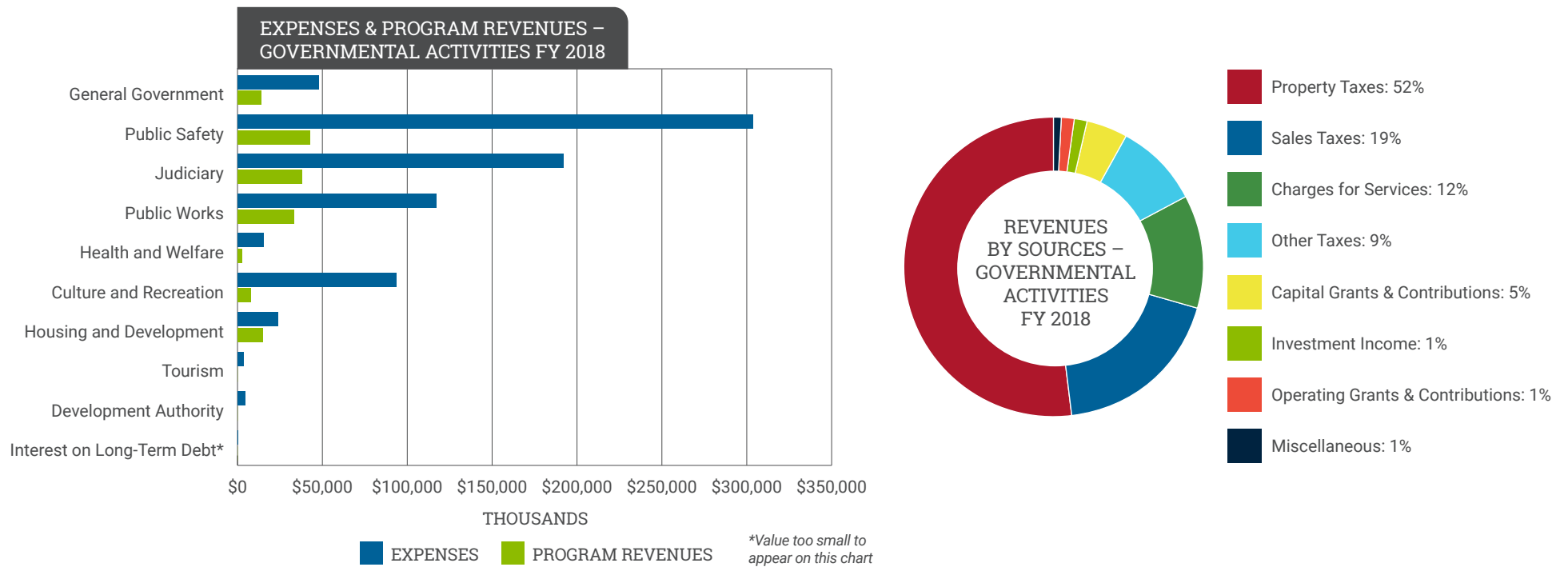
An additional portion of the County's net position (11.4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$504,097,000) may be used to meet the government's ongoing obligations to residents and creditors.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

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

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

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

\*Restated



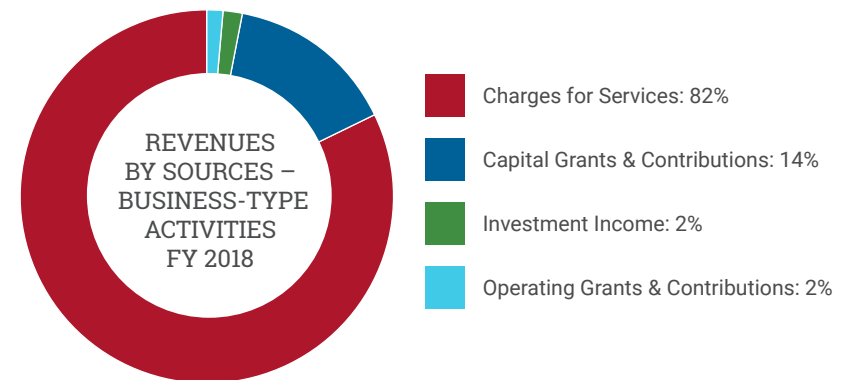
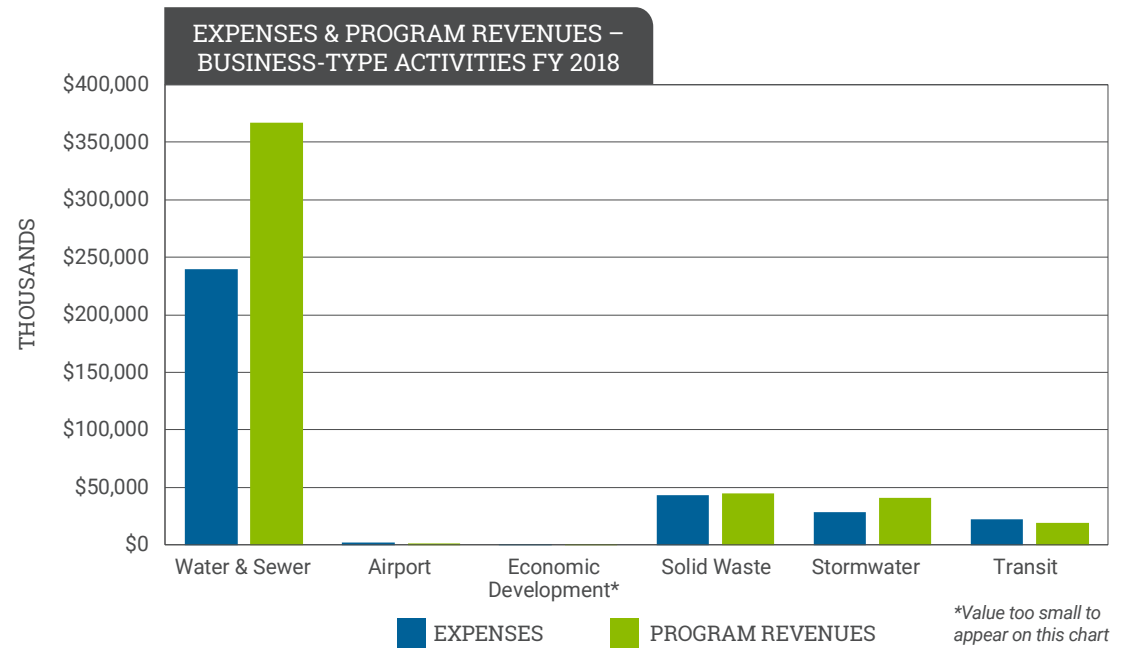
**Governmental activities:** Governmental activities increased the County’s net position by \$80,132,000, thereby accounting for 32.6 percent of the total growth in net position.

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

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

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

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



# FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

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

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

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

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

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



The following paragraphs discuss the individual major governmental funds.

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

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

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

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

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

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



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

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

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

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

## GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

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

## GENERAL FUND ACTUAL REVENUES AND EXPENDITURES VERSUS BUDGET

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

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

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



# CAPITAL ASSETS

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

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

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

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

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

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

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

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

# DEBT ADMINISTRATION

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

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

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

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

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

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

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

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

# ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

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



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

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

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

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

## REQUESTS FOR INFORMATION

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



# BASIC FINANCIAL STATEMENTS

*Governmentwide Financial Statements*  
*Fund Financial Statements*





# STATEMENT OF NET POSITION

December 31, 2018

(in thousands of dollars)

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

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

# STATEMENT OF ACTIVITIES

Year Ended December 31, 2018

(in thousands of dollars)

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

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

# GOVERNMENTAL FUNDS BALANCE SHEET

December 31, 2018

(in thousands of dollars)

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

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

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

December 31, 2018

(in thousands of dollars)

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

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

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

Year Ended December 31, 2018

(in thousands of dollars)

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

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

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

Year Ended December 31, 2018

(in thousands of dollars)

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

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

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

Year Ended December 31, 2018

(in thousands of dollars)

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

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

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

Year Ended December 31, 2018

(in thousands of dollars)

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

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



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

Year Ended December 31, 2018

(in thousands of dollars)

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

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

# PROPRIETARY FUNDS STATEMENT OF NET POSITION

December 31, 2018

(in thousands of dollars)

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

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

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

Year Ended December 31, 2018

(in thousands of dollars)

|   | Enterprise Funds    |                |                        |                        |                        |
|---|---------------------|----------------|------------------------|------------------------|------------------------|
|   | Water and Sewerage  | Stormwater     | Other Enterprise Funds | Total Enterprise Funds | Internal Service Funds |
| <b>OPERATING REVENUES:</b>  |                     |                |                        |                        |                        |
| Residential and commercial service  | \$ 302,972          | —              | —                      | 302,972                | —                      |
| Wholesale service   | 4,760               | —              | —                      | 4,760                  | —                      |
| Public fire protection charges  | 701                 | —              | —                      | 701                    | —                      |
| Connection charges  | 1,356               | —              | —                      | 1,356                  | —                      |
| Operating lease income and rental income from individual hangars                                    | —                   | —              | 986                    | 986                    | —                      |
| Charges to other funds  | —                   | —              | —                      | —                      | 124,983                |
| Employee contributions  | —                   | —              | —                      | —                      | 6,254                  |
| User fees and charges   | —                   | 29,359         | 47,785                 | 77,144                 | —                      |
| Miscellaneous   | 6,293               | 6              | 41                     | 6,340                  | 1,649                  |
| Total operating revenues  | <u>316,082</u>      | <u>29,365</u>  | <u>48,812</u>          | <u>394,259</u>         | <u>132,886</u>         |
| <b>OPERATING EXPENSES:</b>  |                     |                |                        |                        |                        |
| Water production  | 13,253              | —              | —                      | 13,253                 | —                      |
| Distribution and collection   | 35,013              | —              | —                      | 35,013                 | —                      |
| Engineering   | 6,959               | —              | —                      | 6,959                  | —                      |
| Reclamation   | 33,956              | —              | —                      | 33,956                 | —                      |
| Vehicle maintenance and repair  | —                   | —              | —                      | —                      | 4,327                  |
| Benefit claims  | —                   | —              | —                      | —                      | 32,291                 |
| Insurance premiums  | —                   | —              | —                      | —                      | 29,818                 |
| Depreciation and amortization   | 97,278              | 15,521         | 3,965                  | 116,764                | 375                    |
| Transit operations  | —                   | —              | 18,525                 | 18,525                 | —                      |
| General and administrative  | 32,414              | 11,427         | 41,802                 | 85,643                 | 73,319                 |
| Total operating expenses  | <u>218,873</u>      | <u>26,948</u>  | <u>64,292</u>          | <u>310,113</u>         | <u>140,130</u>         |
| Operating income (loss)   | <u>97,209</u>       | <u>2,417</u>   | <u>(15,480)</u>        | <u>84,146</u>          | <u>(7,244)</u>         |
| <b>NON-OPERATING REVENUES (EXPENSES):</b>   |                     |                |                        |                        |                        |
| Intergovernmental   | —                   | 148            | 7,475                  | 7,623                  | —                      |
| Investment earnings   | 6,454               | 735            | 1,126                  | 8,315                  | 1,507                  |
| Interest expense  | (19,896)            | (116)          | (359)                  | (20,371)               | —                      |
| Loss on disposal of capital assets  | (598)               | (1,013)        | (2,492)                | (4,103)                | 40                     |
| Total non-operating revenues (expenses)   | <u>(14,040)</u>     | <u>(246)</u>   | <u>5,750</u>           | <u>(8,536)</u>         | <u>1,547</u>           |
| Income (loss) before transfers and contributions  | <u>83,169</u>       | <u>2,171</u>   | <u>(9,730)</u>         | <u>75,610</u>          | <u>(5,697)</u>         |
| Capital contributions   | 51,227              | 19,826         | 8,238                  | 79,291                 | —                      |
| Transfers in  | 158                 | 124            | 11,044                 | 11,326                 | 2                      |
| Transfers out   | (165)               | —              | (159)                  | (324)                  | (763)                  |
| Change in net position  | 134,389             | 22,121         | 9,393                  | 165,903                | (6,458)                |
| Net position – January 1, as restated   | <u>2,865,602</u>    | <u>508,515</u> | <u>74,890</u>          |                        | <u>34,606</u>          |
| Net position – December 31  | <u>\$ 2,999,991</u> | <u>530,636</u> | <u>84,283</u>          |                        | <u>28,148</u>          |
| Adjustment to reflect consolidation of internal service fund activities related to enterprise funds |                     |                |                        | (182)                  |                        |
| Change in net position of business-type activities  |                     |                | \$                     | <u>165,721</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, 2018

(in thousands of dollars)

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

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

# FIDUCIARY FUNDS STATEMENT OF FIDUCIARY NET POSITION

December 31, 2018

(in thousands of dollars)

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

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

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

Year Ended December 31, 2018

(in thousands of dollars)

## ADDITIONS:

Contributions:

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

Investment income:

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

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

|                 |                |
|-----------------|----------------|
| Total decreases | <u>(3,535)</u> |
|-----------------|----------------|

## DEDUCTIONS:

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

|  |          |
|--|----------|
| Net decrease in fiduciary net position | (86,157) |
|--|----------|

Net position – restricted for pension and OPEB:

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

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

# COMPONENT UNITS COMBINING STATEMENT OF NET POSITION

December 31, 2018

(in thousands of dollars)

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

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

# COMPONENT UNITS COMBINING STATEMENT OF ACTIVITIES


Year Ended December 31, 2018

(in thousands of dollars)

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

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





# DID YOU KNOW

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

# NOTES TO THE FINANCIAL STATEMENTS



# NOTES TO THE FINANCIAL STATEMENTS

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# NOTE 1.

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## Summary of Significant Accounting Policies

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

### A. Reporting entity

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

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

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

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

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

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

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

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

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

75 Langley Drive  
Lawrenceville, GA 30046

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

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

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

Gwinnett County Public Library  
1001 Lawrenceville Highway  
Lawrenceville, GA 30046

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

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

75 Langley Drive  
Lawrenceville, GA 30046

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

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

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

GNR Health  
2570 Riverside Parkway  
Lawrenceville, GA 30046

#### **Related Organizations**

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

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

### **Joint Venture**

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

Atlanta Regional Commission  
40 Courtland Street NE  
Atlanta, GA 30303

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

**E. Interfund Receivables/Payables**

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

**F. Inventories**

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

**G. Prepaid Items**

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

**H. Capital Assets**

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

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

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

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

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

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

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

**I. Restricted Assets**

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

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

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

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

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

**K. Compensated Absences**

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

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

**L. Estimated Claims Payable**

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

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

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

### N. Long-term Obligations

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

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

### O. Fund Balance

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

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

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

- Committed
- Assigned
- Unassigned

In order to maintain a prudent level of financial resources to guard its stakeholders against service disruption in the event of unexpected temporary revenue shortfalls or unpredicted one-time expenditures, Gwinnett County operates under the following fund balance reserve policies:

**General Fund Reserve Policy** – The County maintains a minimum level of unassigned fund balance in the General Fund equivalent to three months of regular, ongoing operating expenditures (including transfers out).

**Special Revenue Funds Reserve Policy** – The County maintains a minimum level of restricted or committed fund balance equivalent to three months of regular, ongoing operating expenditures (including transfers out) in all special revenue operating funds that receive property tax revenue (i.e., Recreation District Fund), assess a fee directly to residents (i.e., Speed Hump Fund), or include operational expenditures for more than 25 employees (i.e., E-911 Fund). Amounts used in the special revenue funds reserve policy calculation should not include any amounts allocated for another purpose by the Board of Commissioners.

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

**P. Net Position**

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

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

**Q. Interfund Transactions**

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

**R. Connection Charges**

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

**S. System Development Charges**

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

**T. Statement of Cash Flows**

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

**U. Allocation of Indirect Expenses**

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

**V. Management Estimates**

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

**W. Restatement of 2017 Net Position**

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

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

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



## NOTE 2.

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### Legal Compliance – Budgets

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

1. Prior to December 1, the Chairman submits a proposed budget to the Board of Commissioners governing expenditures of all County funds for the fiscal year commencing the following January 1.
2. In December, the Board of Commissioners holds a public hearing on the proposed budget to obtain citizen comments.
3. The Board of Commissioners formally adopts the budget (or continuation budget if the Commission requires additional review of the proposed budget) at the first regular meeting in January of the current budget year. Once the Commission has agreed on the proposed budget, a resolution is adopted by the Commission replacing the proposed budget. A balanced budget is required by law. The budget specifies the anticipated funding sources for each fund and appropriations for proposed expenditures to the departments or organization units named in each fund.
4. Expenditures of any Operating Budget Fund or Capital Budget Fund shall not exceed the appropriations authorized by the budget and amendments thereto or actual funding sources, whichever is less.
5. Expenditures of any Operating Budget Fund or Capital Budget Fund are subject to the policies as established by the Board of Commissioners and the County Administrator.
6. Proceeds from the tax on insurance premiums in the amount of \$30,291,123 are recorded within the Police Services Special District Fund for the primary purpose of funding police protection to inhabitants of unincorporated Gwinnett in its entirety, budgeted at \$117,197,169 and remaining funding of \$86,906,046 anticipated from direct revenues and taxes.
7. Budgets for capital projects funds are adopted on a multi-year basis and appropriated annually. Any unspent budget at the end of the year is rolled forward to the next year.
8. Indirect Cost Allocations and Contributions as appropriated in any Fund within the various accounts of a Department or Agency are restricted for the express purpose as designated.
9. A vacancy period for a minimum of ninety days shall ensue immediately upon the separation of employment by an employee from a County department or Agency.
10. Transfers of appropriations in any Fund among the various categories within a Department or Agency shall require only the approval of the Director of Financial Services so long as the total budget for each Department or Agency is not increased.
11. The County's legal level of budgeting control (the level at which expenditures may not exceed appropriations) is at the department level for each fund for which a budget is required with the following provision:

Any increase in Appropriations in any Fund for a Department or Agency, whether through a change in anticipated revenues in any fund or through a transfer of appropriations among departments or agencies, shall require the approval of the Board of Commissioners, except in the following cases where authority is granted to:

The Department Director to:

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

The Director of Financial Services to:

- (a) allocate funds to appropriate Departments or Agency from insurance proceeds for the replacement or repair of damaged equipment items;
- (b) allocate funds from the established Judicial Reserve to appropriate Departments or Agency for required expenses;
- (c) allocate funds from the established Prisoner Medical Reserve to various Funds, Departments or Agency when required to cover expenses;
- (d) allocate funds from the established Indigent Defense Reserve to appropriate Departments or Agency for required expenses;
- (e) allocate funds from the established Court Reporter's Reserve to appropriate Departments or Agency for required expenses;
- (f) allocate funds from the established Court Interpreter's Reserve to appropriate Departments or Agency for required expenses;
- (g) allocate funds from the established Inmate Housing Reserve to appropriate Departments or Agency for required expenses;
- (h) allocate funds from the established Fuel/Parts Reserve as required;
- (i) allocate funds from Operating or Capital Non-Department contingencies and reserves to cover existing obligations/expenses in accordance with the intent and actions of the Board of Commissioners; however, in no case shall appropriations exceed actual available funding sources; allocate funds from established reserves for leave balances at retirement, salary adjustments and reclassification to Department and Agency as necessary to provide funding for compensation actions, reductions in force and retirement incentives; transfer funds resulting from salary savings or transfer balances resulting from under expenditures in operating accounts into Non-Departmental reserves to fund accrued liabilities and expend funds within Non-Departmental reserve to reduce said accrued liabilities;
- (j) authorize preparation and submission of applications for grant funding; however, acceptance of all grant awards is subject to the approval of the Board of Commissioners;
- (k) adjust revenue and appropriation budgets between capital projects as necessary to incorporate grant awards previously approved by the Board of Commissioners;
- (l) approve adjustment of revenues and appropriations within Department or Agency for capital categories/projects and revise allocated funding previously approved, or, as appropriate, transfer appropriations among fiscal years for projects as necessary to allow completion of each project and cover existing obligations/expenses in accordance with the intent and actions of the Board of Commissioners; however, in no case shall appropriations exceed actual available funding sources;
- (m) calculate savings associated with the future vacancy of any position and shall further have the authority to amend the budget of such Department or Agency at the time a vacancy arises unless an exception has been granted; and
- (n) adjust revenue and appropriation budgets to incorporate collected revenue for confiscated assets for Special Use Funds, all revenue in Authority Imaging Fund, bond forfeitures, and capital fund contingency project and project specific levels.



The County Administrator to:

- (a) transfer funds from Department or Agency budgets to Contribution to Capital Projects for amounts up to \$50,000;
  - (b) transfer funds within a capital fund from fund or program contingencies and/or savings in existing projects to establish new projects for amounts up to \$100,000;
  - (c) grant exceptions to the ninety day vacancy period upon petition by a County Department or Agency so as to permit the vacant position to be filled through hire and appointment without a corresponding budgetary impact;
  - (d) reallocate funding among projects approved by the Board of Commissioners;
  - (e) allocate funds from the established Compensation Reserve to Department or Agency budgets to provide funding for approved compensation actions; and
  - (f) transfer funds to establish new projects related to economic development, Special Purpose Local Option Sales Tax Programs or Enterprise Funds within a capital fund from fund or program contingencies and/or savings in existing projects.
12. Authorities for transfers of appropriations shall not be used as an alternative to the normal budget process, and are intended to be used only when necessary to facilitate the orderly management of projects and/or programs; transfers approved under these authorities may not be used to change the approved scope or the objective of any capital project.
  13. Annual appropriated budgets are legally adopted for the General Fund, Special Revenue Funds, the Debt Service Fund, and Capital Projects Funds. Annual operating budgets are prepared for each Enterprise and Internal Service Fund for planning, control, cost allocation, and evaluation purposes. Budgetary amounts are not formally integrated into proprietary fund general ledgers. All appropriations lapse at fiscal year-end.
  14. Actual expenditures of each fund for the year may not exceed the budget for that fund, or amendments thereto, and may not exceed actual funding sources.
  15. The Board of Commissioners shall approve increases in authorized positions. Vacant positions may be reallocated within the same Department or Agency or reassigned to another Department or Agency, and filled authorized positions may be reassigned at the same grade level between a Department or Agency with the authorization of the County Administrator. 25 unallocated positions shall be available to allocate to Department or Agency with the authorization of the County Administrator as necessary.
  16. The County Administrator is granted authority to authorize benefits pursuant to *O.C.G.A. § 47-23-106* for retired Superior Court Judges.
  17. The compensation for county appointments by the Board of Commissioners to the various Boards and Authorities has been set. This does not preclude any department from reimbursing those members for actual expenditures incurred in the performance of duty.
  18. Eligible County employees may receive a pay increase as specified in the 2018 Compensation Plan. Pay increases shall be administered in accordance with current procedures as established by the County Administrator. Employee pay increases for any and all years beyond 2018 will depend upon availability of funds and appropriations by the Board of Commissioners.

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

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

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

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

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

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

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

*\*Excludes grant funds*

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



## NOTE 3.

### Cash, Cash Equivalents, and Investments

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

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

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

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

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

#### Interest Rate Risk – County Investments

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

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

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

Investments recorded at cost:

|                         |            |
|-------------------------|------------|
| Certificates of deposit | 33,465,669 |
|-------------------------|------------|

Investments not subject to level disclosure:

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

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

|                   |                  |
|-------------------|------------------|
| Total investments | \$ 1,632,150,840 |
|-------------------|------------------|

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

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

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

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

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

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

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

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



## Pension Trust Fund Investments

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# NOTE 4.

## Property Taxes

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

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

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

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

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



## NOTE 5.

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### Allowances For Uncollectible Receivables

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

**Taxes receivable:**

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

**Accounts receivable:**

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

## NOTE 6.

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### Due From/To Other Governments

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

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

## NOTE 7.

### Capital Assets

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

#### Primary Government

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



**Governmental Activities:**

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

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

**Business-Type Activities:**

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

**Construction and Other Commitments**

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

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



## NOTE 8.

### Long-Term Obligations

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

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

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

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

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

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

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

### General Obligation Bonds

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

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

### Revenue Bonds

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

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

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

Premiums

Net Business-Type Bonds Outstanding

\* Direct placement bonds

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

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

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

#### Revenue Bonds – Development Authority

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

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

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

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

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

### Development Authority Revenue Bonds Annual Requirements

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

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

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

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

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

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

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

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

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

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

In September and October 2014, the Gwinnett Water and Sewerage Authority and the Gwinnett Board of Commissioners approved resolutions allowing the authority to move forward with refunding the callable maturities of the 2005 Water and Sewerage Revenue Bonds on a forward/delayed delivery basis. The agenda item awarded the transaction to Citigroup (as the placement agent)/JP Morgan Chase (as the purchaser of these bonds). The date of issuance for these bonds was August 3, 2015. The interest rate was set at 1.74 percent. The result of this transaction is a total debt service savings of \$9.8 million and a present value savings of \$9.2 million. The debt service savings began in 2016.

In November and December 2014, the Gwinnett Water and Sewerage Authority and the Board of Commissioners, respectively, approved resolutions allowing the authority to move forward with refunding the callable maturities of the 2006 Water and Sewerage Revenue Bonds on a forward/delayed delivery basis. The agenda item was awarded to Wells Fargo as they offered the lowest true interest rate of 2.36 percent, total debt savings of \$14.7 million, and a net present value savings of \$13.2 million. These privately placed 2016 refunding bonds had a principal amount of \$108,860,000 and the date of issuance for these bonds was August 1, 2016. The 2006 bonds were retired. The debt service savings began in 2017.

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

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

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

### **Debt Margin**

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

### **Debt Covenants**

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



### Notes Payable

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

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

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

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

### Operating Lease Commitments

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

### Conduit Debt

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

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

## NOTE 9.

### Interfund Balances and Transfers

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

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

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

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

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

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

## NOTE 10.

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### Risk Management

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

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

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

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

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

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

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

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

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

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

#### B. Group Health Insurance

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

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

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

#### 2018 Claims for Active Employees:

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

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

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

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

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

|                       |    |        |
|-----------------------|----|--------|
| Fully Insured Premium | \$ | 24,607 |
|-----------------------|----|--------|

## NOTE 11.

### Deferred Compensation Plan

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



# NOTE 12.

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## Pensions

### A. General Information about the Pension Plan

#### Plan Description

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

#### Summary of Significant Accounting Policies

The Plan's significant accounting policies are as follows:

#### Basis of Accounting

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

#### Cash and Cash Equivalents

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

#### Valuation of Investments

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

#### Payment of Benefits

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

#### Management Estimates

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

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

75 Langley Drive  
Lawrenceville, GA 30046

## Benefits Provided

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

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

Early retirement means the following when a Participant becomes eligible:

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

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

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

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

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

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

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

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

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

## Eligibility

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

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

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

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

|  |              |
|--|--------------|
| Inactive members or beneficiaries currently receiving benefits | 2,291        |
| Inactive members entitled to but not yet receiving benefits    | 806          |
| Active members   | 1,320        |
| Total  | <u>4,417</u> |

**Contributions**

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

**Net Pension Liability**

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

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

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



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

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

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

\* Returns are net of inflation of 2.1 percent.

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

## Changes in the Net Pension Liability

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

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

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

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

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

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

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

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

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

**B. Defined Contribution Pension Plan**

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

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



## NOTE 13.

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### Other Post-Employment Benefits

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

#### General Information about the OPEB Plan

##### Plan Description

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

##### Summary of Significant Accounting Policies

The Plan's significant accounting policies are as follows:

##### Basis of Accounting

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

##### Cash and Cash Equivalents

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

##### Valuation of Investments

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

##### Payment of Benefits

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

##### Management Estimates

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

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

75 Langley Drive  
Lawrenceville, GA 30046

### General

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

### Retirement Options/Benefit Provisions

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

### Eligibility

Eligible participants for Other Post-Employment Benefits include:

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

### Plan Membership

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

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

### Contributions

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

## Net OPEB Liability

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

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

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

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

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

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

\* Returns are net of inflation of 2.1 percent.

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



## Changes in the Net OPEB Liability

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

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

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

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

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

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

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



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

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

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

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

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



# NOTE 14.

## Fund Balances and Net Position

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

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

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

**B. Net Position**

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

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

## NOTE 15.

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### Tax Abatements

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

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

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

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

## NOTE 16.

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### Contingencies

#### A. Litigation

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

#### B. Grants

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



# DID YOU KNOW

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

# REQUIRED SUPPLEMENTARY INFORMATION



# REQUIRED SUPPLEMENTARY INFORMATION

## Defined Benefit Pension Plan

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

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

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

# REQUIRED SUPPLEMENTARY INFORMATION DEFINED BENEFIT PENSION PLAN

## Schedule of County Contributions (in thousands)

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



## Notes to the Required Supplementary Information

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

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

### Changes of benefit terms

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

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

### Changes of assumption

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

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

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

75 Langley Drive  
Lawrenceville, GA 30046

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

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

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

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

# REQUIRED SUPPLEMENTARY INFORMATION OTHER POST-EMPLOYMENT BENEFITS

## Schedule of County Contributions (in thousands)

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

## Notes to the Required Supplementary Information

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

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

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

### Changes of benefit terms


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

### Changes of assumption

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

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

75 Langley Drive  
Lawrenceville, GA 30046



# DID YOU KNOW

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



# NON-MAJOR GOVERNMENTAL FUNDS



# NON-MAJOR GOVERNMENTAL FUNDS

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## Special Revenue

### **Street Lighting Fund**

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

### **Speed Hump Fund**

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

### **Authority Imaging Fund**

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

### **Juvenile Court Supervision Fund**

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

### **Tree Bank Fund**

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

### **Tourism Fund**

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

### **Stadium Fund**

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

### **Sheriff Special Justice Fund**

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

### **Sheriff Special Treasury Fund**

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

**Sheriff Special State Fund**

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

**Police Special Justice Fund**

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

**Police Special State Fund**

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

**Crime Victims Assistance Fund**

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

**District Attorney Federal Justice Asset Sharing Fund**

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

**District Attorney Federal Treasury Asset Sharing Fund**

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

**Corrections Inmate Welfare Fund**

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

**Sheriff Inmate Fund**

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

**E-911 Fund**

The E-911 Fund accounts for operations of the E-911 Communications Center. Revenues are primarily received from monthly subscriber fees remitted by wired and wireless telecommunication providers. Expenditures must comply with *Official Code of Georgia Annotated Title 46, chapter 5, Article 2, Part 4*.

**Loganville Emergency Medical Services District Fund**

The Loganville Emergency Medical Services District Fund accounts for the revenues and expenditures attributable to the Loganville Emergency Medical Services District. This district includes all properties within the portion of incorporated Loganville that lie within Gwinnett County. The County is responsible for providing emergency medical services within this district. The majority of expenditures are recorded in the fall based upon the certified property tax digest, as outlined in the intergovernmental agreement with the City of Loganville.



**Development and Enforcement Services District Fund**

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

**Recreation District Fund**

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

**Jimmy Carter Boulevard TAD Fund**

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

**Indian Trail TAD Fund**

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

**Park Place TAD Fund**

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

**Lake Lucerne TAD Fund**

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

**Gwinnett Place TAD Fund**

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

**Grant Funds**

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

## DEBT SERVICE FUND

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**Debt Service Fund**

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

# OTHER GOVERNMENTAL FUNDS COMBINING BALANCE SHEET

December 31, 2018

(in thousands of dollars)

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

Non-major Special Revenue Funds

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


continued..

# OTHER GOVERNMENTAL FUNDS COMBINING BALANCE SHEET – CONTINUED

December 31, 2018

(in thousands of dollars)

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



# DID YOU KNOW

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

# OTHER GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES,

Year Ended December 31, 2018

(in thousands of dollars)

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

# EXPENDITURES, AND CHANGES IN FUND BALANCES

## Non-major Special Revenue Funds

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

continued..

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

Year Ended December 31, 2018

(in thousands of dollars)

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



# BUDGETARY COMPLIANCE

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## Special Revenue Funds

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

## Capital Projects Funds

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

## Debt Service Fund

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

## Grant Fund

Schedule of revenues and expenditures – budget and actual



# SPECIAL REVENUE FUNDS SCHEDULE OF REVENUES, EXPENDITURES, AND

Year Ended December 31, 2018

(in thousands of dollars)

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

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

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

continued...

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

Year Ended December 31, 2018

(in thousands of dollars)

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

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

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

continued...

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

Year Ended December 31, 2018

(in thousands of dollars)

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

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

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

continued...


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

Year Ended December 31, 2018

(in thousands of dollars)

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





# DID YOU KNOW

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

# CAPITAL PROJECTS FUNDS SCHEDULE OF REVENUES, EXPENDITURES, AND

Year Ended December 31, 2018

(in thousands of dollars)

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

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

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

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

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

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

Year Ended December 31, 2018

(in thousands of dollars)

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

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

Year Ended December 31, 2018

(in thousands of dollars)

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



# OTHER ENTERPRISE FUNDS



# ENTERPRISE FUNDS

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## Other Enterprise Funds

### **Airport Fund**

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

### **Economic Development Fund**

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

### **Solid Waste Fund**

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

### **Transit Fund**

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

# OTHER ENTERPRISE FUNDS COMBINING STATEMENT OF NET POSITION

December 31, 2018

(in thousands of dollars)

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



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

Year Ended December 31, 2018


(in thousands of dollars)

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

# OTHER ENTERPRISE FUNDS COMBINING STATEMENT OF CASH FLOWS

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

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



# DID YOU KNOW

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

# INTERNAL SERVICE FUNDS



# INTERNAL SERVICE FUNDS

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## **Group Self-Insurance Fund**

The Group Self-Insurance Fund accounts for all financial transactions related to the payment of premiums and benefits for active employees' health, disability, and life insurance. Revenues are received from employee and employer contributions.

## **Risk Management Fund**

The Risk Management Fund accounts for all financial transactions related to the County's payment of workers' compensation claims and property liability and casualty insurance. Revenues are received from charges to the user departments based on the number of employees, prior claims, and property liability coverage needs.

## **Fleet Management Fund**

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

## **Auto Liability Fund**

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

## **Administrative Support Fund**

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

# INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET POSITION

December 31, 2018  
(in thousands of dollars)

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

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

Year Ended December 31, 2018

(in thousands of dollars)


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

# INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS

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

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





# DID YOU KNOW

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



# FIDUCIARY FUNDS



# FIDUCIARY FUNDS

## TRUST FUNDS

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

## AGENCY FUNDS

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



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

December 31, 2018

(in thousands of dollars)

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

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

Year Ended December 31, 2018

(in thousands of dollars)

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

# AGENCY FUNDS COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

December 31, 2018

(in thousands of dollars)

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

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

Year Ended December 31, 2018

(in thousands of dollars)

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

# STATISTICAL SECTION





# STATISTICAL SECTION

## (Unaudited)

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

### Index

#### 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)

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

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

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

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

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

# CHANGES IN NET POSITION – LAST TEN FISCAL YEARS

(accrual basis of accounting in thousands of dollars)

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

continued...

# CHANGES IN NET POSITION – LAST TEN FISCAL YEARS

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

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

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

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

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

# FUND BALANCES, GOVERNMENTAL FUNDS – LAST TEN FISCAL YEARS

(modified accrual basis of accounting in thousands of dollars)

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

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

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

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

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

(modified accrual basis of accounting in thousands of dollars)

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

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

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

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

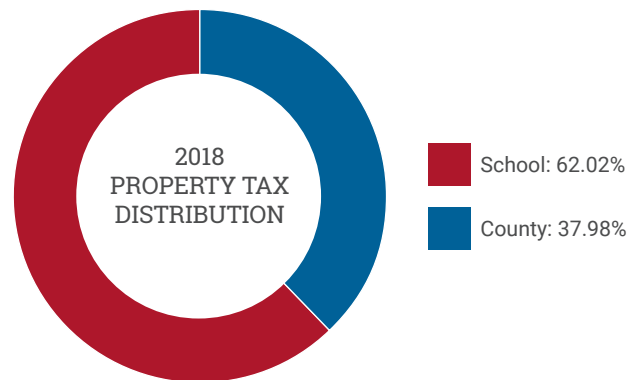
\* Includes mobile homes

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

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

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

Source: Budget Division – Tax Levy Resolution





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

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

Sources: 1) Tax Assessor's Office.

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

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

# PROPERTY TAX LEVIES AND COLLECTIONS – LAST TEN FISCAL YEARS

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

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

Includes all rolls, tax only.

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

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

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

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

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

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

Sources:

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

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

# LEGAL DEBT MARGIN INFORMATION – LAST TEN FISCAL YEARS

(in thousands of dollars)

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

## Legal debt margin calculation for fiscal year 2018

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

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

(in thousands of dollars)

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

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

2) Excludes gain or loss on capital assets.

# SUMMARY OF COUNTY DIRECT AND OVERLAPPING DEBT BY CATEGORY

(in thousands of dollars)

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

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

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

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

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

# DEMOGRAPHIC AND ECONOMIC STATISTICS – LAST TEN FISCAL YEARS

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

Sources:

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

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

# PRINCIPAL EMPLOYERS – CURRENT YEAR AND NINE YEARS AGO

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

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

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

\*\*Full-time equivalent employees.

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



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

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

Source: Department of Financial Services, Budget Group

# OPERATING INDICATORS BY FUNCTION – LAST TEN FISCAL YEARS

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

Source: County operating departments

# CAPITAL ASSET STATISTICS BY FUNCTION – LAST TEN FISCAL YEARS

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

Source: County operating departments

# SINGLE AUDIT SECTION



# SINGLE AUDIT SECTION

December 31, 2018

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

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

continued...

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

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

continued...

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

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

*continued...*



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

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

*continued...*

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

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

*continued...*

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

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

# NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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## BASIS OF PRESENTATION AND ACCOUNTING

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

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

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



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

---

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

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

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

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

Atlanta, Georgia  
June 20, 2019



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

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The Board of Commissioners of Gwinnett County  
Lawrenceville, Georgia

### Report on Compliance for Each Major Federal Program

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

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

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

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

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

**Report on Internal Control Over Compliance**

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

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

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

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



Atlanta, Georgia  
June 20, 2019



# GWINNETT COUNTY, GEORGIA

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

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### (1) Summary of Auditors' Results

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

**GWINNETT COUNTY, GEORGIA**

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

---

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

**None.**

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

**None.**

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

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**2017-001 – Reporting Capital Assets**

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

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



# DISCLOSURE SECTION



# DISCLOSURE SECTION

## (UNAUDITED)

### CONTINUING AND ANNUAL EVENT DISCLOSURES

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

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

|  | Annual Financial Information<br>SEC Rule<br>15c2-12 (9b) (5) (I) (A) | Audited Annual Financial Statements<br>SEC Rule<br>15c2-12 (B) (5) (I) (B) | Notice Of Material Events<br>SEC Rule<br>(B) (5) (I) (C) | Notice of Failure to Provide Annual Information<br>SEC Rule<br>(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 2009A and B*
- *Water and Sewerage Authority Refunding Bonds, Series 2011*
- *Water and Sewerage Authority Refunding Bonds, Series 2015*
- *Water and Sewerage Authority Refunding Bonds, Series 2016 and 2016A*

# DESCRIPTION OF THE WATER AND SEWERAGE SYSTEM

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## The Water System

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

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

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

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

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

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

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

previous liquid sludge contribution to the sanitary sewer system and replaced it with a dewatering system capable of producing a residuals product. Work was completed in 2008 to provide an enhanced Backwash Equalization Process to improve operation of the residuals facility. The addition of two backwash equalization tanks, a filtrate equalization tank, and recycle pump station enables the plant to recycle the filter backwash water. This new process allows the plant to save and recycle 2 MGD and thereby reduce the amount of raw water withdrawn from the lake. The existing backwash pumps were replaced in 2013. In 2014, standby generators capable of powering essential treatment processes were installed at both water plants and one raw water pump station was installed.

The Shoal Creek Filter Plant went into operation in September 2004. The Shoal Creek facility duplicates the processes employed at the Lanier facility, with the exception of the residuals handling process: all filter backwash water is pumped to the Lanier facility for dewatering. The Shoal Creek Filter Plant sits on an 88-acre site approximately three miles west of the Lanier Filter Plant. With its capacity of 75 MGD, the total water system capacity is now 225 MGD. Having the second facility greatly improves redundancy and reliability of the overall water system.

The 1986 Amendments to the *Safe Drinking Water Act* (SDWA) expanded requirements for testing and monitoring for lead and copper content of drinking water (the “*Lead and Copper Rule*”), along with other new water quality parameters. The County conducted a corrosion optimization study that examined options available to minimize corrosion. The County has conducted full-scale system evaluations of corrosion inhibitors to select products best suited for this specific water chemistry. EPD approved the County’s long-term corrosion control plan in 1995 and in 1999. Successful use of blended phosphate corrosion inhibitors has optimized the County’s corrosion control program. This program has reduced the Lead/Copper sampling frequency to one event every three years. The most recent sampling and testing was completed in 2017. The test results were in full compliance.

The 1996 Reauthorization of the *Safe Drinking Water Act* required that water systems begin publication and distribution of annual *Consumer Confidence Reports* (CCRs) in 1999. Our CCR, called *Gwinnett Water Words*, was mailed annually since then with the water bills, and it is available on the Gwinnett County website. CCRs detail all regulated contaminants, and certain unregulated contaminants, detected in drinking water. These include specific language dealing with particular contaminants (including lead), which may be found in drinking water and/or bottled waters. There has been a positive response from consumers regarding this report.

**Vulnerability Assessment:** *The Public Health, Security, and Bioterrorism Preparedness and Response Act of 2002* (PL107-188) required community water systems serving more than 100,000 persons to conduct Vulnerability Assessments and prepare specific Emergency Response Plans. The Vulnerability Assessment was completed by the March 2003 deadline, and the Emergency Response Plan was finished by September 2003, as required. Both documents were updated in 2013. Additional security upgrades are factored into future capital improvement planning based on the results of an updated 2013 Vulnerability Assessment.

**Transmission Mains:** The transmission system includes approximately 180 miles of transmission mains. The first major transmission main loop for the county was completed in 1980 and consisted of approximately 89 miles of 36- and 48-inch pipe. This loop around the county made it possible to reliably serve the entire area with water in the event of a major transmission main break. Large diameter pipes branch off of this loop to provide water service to all populated areas within the county, and also connect to wholesale customers neighboring the county. Because of continued growth, a third transmission main was installed along the western portion of the county. Connections between the main and original transmission system provide greater flexibility and reliability of the water distribution system. Over time additional improvements to the system have included: a transmission main from the Lanier Filter Plant to the 48-inch loop near Lawrenceville, a transmission main connecting the Shoal Creek Filter Plant to the Lanier Filter Plant, and a 60-inch transmission line from the Shoal Creek Filter Plant to the 48-inch transmission main on Peachtree Industrial Boulevard. These connections and extensions greatly reinforce the county loop system and add reliability.

**Distribution Mains:** The distribution main system consists of approximately 3,788 miles of pipes in addition to the transmission mains. These pipes consist of varying materials and sizes, and distribute water from the transmission main system to the customers.

**Booster Stations:** The Water System includes booster pump stations that raise water pressure in local areas to acceptable levels. They are used to provide service to customers in hilltop areas above the system delivery gradient or where limitations in transmission and storage capacity make delivery pressures too low. Currently, the water distribution system has 10 booster stations. While booster stations raise water pressure above the standard system gradient, topography dictates that other areas (considerably below the system delivery gradient) are relieved of excess pressure. This pressure management is accomplished by the creation of special zones that are isolated under normal circumstances by pressure-reducing valves.

To optimize service delivery, the County has established four separate pressure zones based on topography: South, Central, North, and Upper North. The Upper North Pressure Zone consists of the highest elevations in the county and is served by the Bogan Road Pump Station. The existing Bogan Road Pump Station was upsized in 2003 and in 2008 to better serve this growing area. The North Pressure Zone is served by three high-service pumps at the Lanier Filter Plant. During 2006, these pumps were replaced with three 25 MGD pumps with an increased delivery gradient to better serve this area. The Rock Quarry Road Pump Station, with a 10 mg tank and a 20 MGD pump station, was completed in summer 2004. The water is delivered to the Central Pressure Zone from four high-service pumps at the Lanier Filter Plant through the County's transmission mains. The South Pressure Zone is a region with elevations lower than the rest of the county; water is delivered to the south area from the central area through a series of pressure-reducing valves which were upgraded in 2014.

**Storage Facilities:** Water system storage is either ground storage or elevated tanks. The finished water clear wells at the Lanier and Shoal Creek Filter Plants provide 58 million gallons (mg) of storage (38 at Lanier and 20 at Shoal Creek). Ground storage tanks (10 mg or 5 mg in size) are located near the cities of Norcross, Buford, Grayson, Snellville, and Lilburn. Completion of the Rock Quarry 10 mg tank in Buford and the clear well at the Shoal Creek Filter Plant boosts total finished water storage to 119 mg.

**Customers of the Water System:** As of December 31, 2018, the water system had 247,188 retail customers. The water system provides treated water to both retail and wholesale customers within and around the county. The water system provides water at retail rates directly to customers residing in unincorporated areas of the county, as well as to many customers within incorporated areas. As municipalities within the county annex contiguous areas, water and sewer service remains with Gwinnett County, and the residents of the contiguous areas continue to purchase water at retail rates. Gwinnett County provides direct retail service to the residents of Berkeley Lake, Dacula, Duluth, Grayson, Lilburn, Norcross, Peachtree Corners, Snellville, and Sugar Hill. The water system also provides direct retail service to some of the residents of the cities of Buford, Lawrenceville, Loganville, and Suwanee. It serves some of the residents of Buford, Lawrenceville, and Suwanee on a wholesale basis. The city of Lawrenceville supplements its water system with wells. The city of Buford has its own intake in Lake Lanier and its own water treatment plant. The Gwinnett County water system also sells water on a wholesale basis to the city of Auburn in Barrow County, the Town of Braselton in Barrow County, the city of Loganville in both Gwinnett and Walton Counties, and the Walton County Water and Sewer Authority. The County purchased the city of Duluth's water system in December 1991, the city of Grayson's water system in May 1993, the city of Sugar Hill's water and sewer system in December 1995, the city of Dacula's water system in May 1996, and the city of Norcross' water system in 2013.





## WATER CONSUMPTION 2009 – 2018

The following table shows the average daily consumption in MGD of water billed by the Water System during the years 2009 through 2018:

| Year | Gwinnett County Consumption |           | Out-of-County Consumption | Total Average Daily Consumption |
|------|-----------------------------|-----------|---------------------------|---------------------------------|
|      | Retail                      | Wholesale | Wholesale                 |                                 |
| 2009 | 60.95                       | 2.77      | 0.30                      | 64.02                           |
| 2010 | 63.39                       | 2.77      | 0.08                      | 66.24                           |
| 2011 | 63.81                       | 2.47      | 0.11                      | 66.39                           |
| 2012 | 60.34                       | 2.38      | 0.22                      | 62.94                           |
| 2013 | 57.00                       | 1.77      | 0.13                      | 58.90                           |
| 2014 | 57.45                       | 1.79      | 0.19                      | 59.43                           |
| 2015 | 60.17                       | 1.82      | 0.21                      | 62.20                           |
| 2016 | 68.90                       | 2.15      | 0.22                      | 71.27                           |
| 2017 | 62.40                       | 1.87      | 0.21                      | 64.48                           |
| 2018 | 63.30                       | 1.68      | 0.18                      | 65.16                           |

Non-revenue water is due to water system losses, fire flow, meter underreporting and other causes. In 2010, non-revenue water was approximately 11 percent of the volume of water produced. On June 1, 2010, the governor signed the *Georgia Water Stewardship Act of 2010* (SB 370). This act states that all water providers in the state of Georgia with a population “equal to or greater than 3,300” must implement a water loss control program and conduct an annual water system audit using American Water Works Association’s Free Water Audit Software. Non-revenue water was calculated at 9.87 percent for 2018. The Department of Water Resources continues with a task force that is working towards decreasing the monthly percentage of non-revenue water by focusing on all areas of possible water loss and finding methods to track and account for water not currently metered. These efforts include a) tracking water use through hydrants by County departments, contractors, and for County projects; b) testing and replacing large water meters; and c) reducing the overall pressures in certain areas of the county by creating new pressure zones in the higher pressure areas of the county.

The following tables show the 10 largest retail and wholesale customers of the water system during the 12 months ended December 31, 2018. Total Gwinnett County water usage during the 12 months ending December 31, 2018, was 23,093,062 thousands of gallons, generating \$161,535,813 in usage revenues (excluding late fees). No single retail customer accounted for more than 1.11 percent of total water system usage in 2018, and the 10 largest retail customers together accounted for 3.83 percent of such consumption. Gwinnett County generated \$18,089,110 in conservation tier charge revenue from water customers who exceeded consumption of 7,999 gallons in any given month.

## WATER USE: 10 LARGEST RETAIL WATER CUSTOMERS – 2018

| Customer                           | Thousands of Gallons-Per-Year | MGD         | Total Revenues Received |
|------------------------------------|-------------------------------|-------------|-------------------------|
| Gwinnett County Board of Education | 256,317.5                     | 0.70        | \$ 1,261,082            |
| Gwinnett County Government         | 212,518.8                     | 0.58        | 1,045,592               |
| Publix                             | 131,546.2                     | 0.36        | 647,207                 |
| Gwinnett County Jail               | 77,432.1                      | 0.21        | 380,965                 |
| OFS Brightwave                     | 44,981.6                      | 0.12        | 221,309                 |
| Parc Shores                        | 34,406.3                      | 0.09        | 169,279                 |
| Phillips State Prison              | 33,604.8                      | 0.09        | 165,336                 |
| Quality Technology                 | 32,907.5                      | 0.09        | 161,905                 |
| Suzanna's Kitchen 1                | 31,441.2                      | 0.09        | 154,691                 |
| Suzanna's Kitchen 2                | 29,994.7                      | 0.08        | 147,574                 |
| <b>TOTAL</b>                       | <b>885,150.7</b>              | <b>2.41</b> | <b>\$ 4,354,940</b>     |

## WATER USE: WHOLESALE WATER CUSTOMERS – 2018

| Customer              | Thousands of Gallons-Per-Year | MGD         | Total Revenues Received |
|-----------------------|-------------------------------|-------------|-------------------------|
| City of Lawrenceville | 646,651.7                     | 1.77        | \$ 3,156,822            |
| City of Loganville    | 24,101.6                      | 0.07        | 118,580                 |
| City of Buford        | 16,536.5                      | 0.05        | 81,359                  |
| City of Braselton     | 8,649.3                       | 0.02        | 42,554                  |
| City of Suwanee       | 651.5                         | 0.00        | 3,205                   |
| Walton County Water   | 316.4                         | 0.00        | 1,556                   |
| City of Auburn        | 4.9                           | 0.00        | 24                      |
| Barrow County         | 1.4                           | 0.00        | 7                       |
| <b>TOTAL</b>          | <b>696,913.3</b>              | <b>1.91</b> | <b>\$ 3,404,107</b>     |

## RETAIL MONTHLY METER CHARGES

**Current Water Rates:** Presented below are the major rate categories currently in effect. The Gwinnett County Board of Commissioners adopted the following rates at a special meeting on December 16, 2014. This resolution removed the previous rate increase in 2015. The Board of Commissioners has subsequently adopted rate increases effective every other year beginning on January 1, 2017 and going through 2021. The previously adopted rates approved in 2014 were replaced on December 18, 2018. This rate resolution approved water and sewer rates from 2019 through 2025 with increases in 2019, 2021, 2023, and 2025 (see schedules that follow). Water rates are fixed by the County and are subject to change, as the County deems advisable. Rates set by the County are not subject to approval by any outside agency.

| Meter Size | Base Water Fee |
|------------|----------------|
| ¾"         | \$ 7.50        |
| 1"         | 16.50          |
| 1½"        | 27.00          |
| 2"         | 52.50          |
| 3"         | 144.00         |
| 4"         | 210.00         |
| 6"         | 400.00         |
| 8"         | \$ 750.00      |

## RETAIL MONTHLY WATER CHARGES

Volume Charge: All accounts shall be charged the following volume charge for water that passes through the water meter:

| Current Jan 1, 2019      | Effective Jan 1, 2021     | Effective Jan 1, 2023     | Effective Jan 1, 2025     |
|--------------------------|---------------------------|---------------------------|---------------------------|
| Tier 1: \$4.99/1,000 gal | Tier 1: \$5.06/1,000 gal  | Tier 1: \$5.11/1,000 gal  | Tier 1: \$5.16/1,000 gal  |
| Tier 2: \$7.49/1,000 gal | Tier 2: \$7.59/1,000 gal  | Tier 2: \$7.66/1,000 gal  | Tier 2: \$7.74/1,000 gal  |
| Tier 3: \$9.98/1,000 gal | Tier 3: \$10.12/1,000 gal | Tier 3: \$10.22/1,000 gal | Tier 3: \$10.32/1,000 gal |

*Note: Water charges are based on a three-tier system to promote conservation. Tier 1 rates are applied to consumption less than 8,000 gallons, Tier 2 rates are applied to consumption 8,000 – 12,000 gallons, and Tier 3 rates are applied to consumption greater than 12,000 gallons.*

All irrigation and builder accounts are billed at 2.0 times the tier-one volumetric rate for all water passing through the water meter per billing period as follows:

| Current Jan 1, 2019 | Effective Jan 1, 2021 | Effective Jan 1, 2023 | Effective Jan 1, 2025 |
|---------------------|-----------------------|-----------------------|-----------------------|
| \$9.98/1,000 gal    | \$10.12/1,000 gal     | \$10.22/1,000 gal     | \$10.32/1,000 gal     |



## FIRE PROTECTION

The fee for fire protection taps is \$2.00 per inch of fire service pipe diameter. Also water that passes through the fire protection meter for purposes other than fire suppression is billed for water and sewer; the water volumetric rate applicable to non-fire-related water usage shall be 3.0 times the Tier 1 rate. Each private line is equipped with an approved detector meter at the customer's expense.

## CONNECTION CHARGE

Charges for connecting new services to the water system:

| Meter Size | Charge per Connection |
|------------|-----------------------|
| ¾"         | \$ 395                |
| 1"         | 527                   |
| 1½"        | 1,036                 |
| 2"         | 1,248                 |
| 3"         | 1,562                 |
| 4"         | 2,250                 |
| 6"         | 3,890                 |
| 8"         | 6,627                 |
| 10"        | 9,630                 |
| 12"        | \$ 16,211             |

## WATER SYSTEM DEVELOPMENT CHARGES

| Water Meter Size | January 1, 2015 – 2025 |
|------------------|------------------------|
| ¾"               | \$ 1,128               |
| 1"               | 3,610                  |
| 1½"              | 8,573                  |
| 2"               | 15,679                 |
| 3"               | 39,142                 |
| 4"               | 62,830                 |
| 6"               | 125,434                |
| 8"               | 200,671                |
| 10"              | Varies*                |
| 12"              | Varies*                |

*\* Determined by the Department of Water Resources*

**Raw Water Supply:** On July 2, 1973, the County entered into the "Contract between the United States of America and Gwinnett County, Georgia, for Withdrawal of Water from Lake Sidney Lanier," and has since entered into several extensions and modifications to that agreement (collectively known as the "Contract"). The Contract granted the County the right to withdraw raw water from Lake Lanier for municipal and industrial uses at a rate of 53 MGD. The Contract permitted the County to construct and operate facilities to withdraw water and requires the County to maintain certain records.

The Contract originally provided that either party could terminate it upon providing three years' notice. Unless otherwise terminated, the Contract would continue for 30 years or until the federal government completed its study of area water storage, discharge, and withdrawal needs. In June 1985, the U.S. Corps of Engineers, Army Engineers District-Mobile (the Corps of Engineers) gave the County notice that the Contract would be terminated on July 1, 1989. In June 1989, the Contract was extended for six months, until January 1, 1990. That historical contract is no longer in effect; however, the County has continued to withdraw water from Lake Lanier, which provides all of the County's raw water.

From 1990 to 2000, the County paid \$9.74 per million gallons for water withdrawn. In April 2000, the U.S. Army Corps of Engineers increased this amount to \$18.80 per million gallons. In December 2000, customers of the Southeastern Power Administration, which receive the benefits of hydropower production from Corps of Engineers projects in the ACT and ACF basins, filed a lawsuit seeking an increase in the price charged to municipalities drawing domestic water supplies from Lake Lanier. Gwinnett County, with the Atlanta Regional Commission and others, joined in the mediation of this lawsuit. The settlement of this litigation, signed by the United States, the State of Georgia, and hydro-power customers as well as the municipal water purveyors, would have restored the contractual relationship between Gwinnett County and the United States Corps of Engineers pending *National Environmental Policy Act* procedures. The new contracts would reserve unto Gwinnett County a portion of the conservation pool of Lake Lanier sufficient to yield an annual average supply of up to 152 MGD even during a severe drought. The annual cost of raw water would increase from approximately \$700,000 per year on an escalating and interminable schedule to approximately \$1,780,000 per year on a 30-year amortization schedule, after which payments for that volume of water cease. These increased payments would be retroactive to 2003, the date the settlement agreement was approved by the D.C. District Court. The interim water storage contract appended to the mediation agreement and which is convertible to a permanent storage contract has a 10-year term with an automatic 10-year renewal provision. This conversion to a permanent storage

contract is contingent upon clarification of the legal authority granted to the U.S. Army Corps of Engineers by the Congress to enter into permanent contracts. This settlement agreement was appealed by Florida and Alabama to the Washington D.C. Circuit Court of Appeals. A three-judge panel of the D.C. Circuit Court determined on February 5, 2008, that the hydropower compensation settlement agreement exceeded the Corps of Engineers' authority, thus overturning the decision by the D.C. District Court. As a consequence, Gwinnett County is relieved of the accumulated contingent liability of the difference in a) payments for actual raw water amounts used at \$18.80 per million gallons and b) the \$1,780,000 annual payment for storage since 2003. However, it is expected that when some agreement is reached with Alabama and Florida, the Corps of Engineers will have authority to contract with the county and will need to be compensated for the use of the storage in Lake Lanier to offset the use of the water to generate power.

The water system is required to have a permit from EPD to withdraw water from Lake Lanier. In 1997, the County received a revised withdrawal permit for 150 MGD during a maximum day. This rate of withdrawal coincided with the capacity of the expanded plant on which construction was completed in December 1997. The withdrawal permit was amended in 1999 to change the 150 MGD limit from "maximum day" to "average day for any month." This permit modification allowed the County to proceed with the new Shoal Creek Filter Plant construction to increase the water production capacity from 150 MGD to 225 MGD. Major construction of this plant was finished in 2004. The current withdrawal permit is sufficient to meet near-term demand projections. For example, the maximum monthly withdrawal rate was 118 MGD, 110 MGD, 81 MGD, 87 MGD, 87 MGD, 91 MGD, 84 MGD, 71 MGD, 86 MGD, 89 MGD, 109 MGD, 91 MGD, and 85 MGD for the years 2006 – 2018, respectively. The County will continue to pursue increased withdrawals from Lake Lanier as demand increases.

On June 28, 1990, the State of Alabama filed a lawsuit in the *United States District Court for the Northern District of Alabama against the Corps of Engineers, State of Alabama v. the United States Army Corps of Engineers, et al.* In the lawsuit, the State of Alabama alleges that, among other things, the Corps of Engineers violated the *National Environmental Policy Act* in connection with the proposed reallocation of a portion of Lake Lanier's conservation storage to municipal and industrial water supply. The State of Florida joined the lawsuit, and on September 19, 1990, at the request of the State of Alabama and the Corps of Engineers, the District Court entered an order staying the proceedings so that the negotiations among the states may occur and a comprehensive study of the water resources of the Alabama-Coosa-Tallapoosa and the Apalachicola-Chattahoochee-Flint River basins could be performed. This study is known as the "ACT/ACF Basins Comprehensive Water Resources Study." The Corps of Engineers, along with the States of Georgia, Alabama, and Florida performed the study. The three states approved Basin Compacts in early 1997, essentially completing the Comprehensive Study. These Compacts were ratified by the U.S. Congress and signed by the President of the United States in December 1997. The three states and the federal government were in the process of developing a management system for water resources in the ACT/ACF basins and a formula for the allocation of ACT/ACF water and storage, as mandated by the Compacts. However, the ACF compact and interstate water allocation discussions between Georgia, Alabama, and Florida on the ACF basis ended on September 1, 2003.

Several ACF cases were consolidated in March 2007 by order of the Judicial Panel on Multidistrict Litigation. The multidistrict litigation combines the following cases with the 1990 litigation on the ACF referenced above: Georgia's 2001 lawsuit against the U.S. Army Corps of Engineers challenging the Corps' denial of a request to reallocate storage in Lake Lanier for long-term water supply; Georgia's 2006 litigation against the U.S. Army Corps of Engineers challenging the Corps' interim operating plan for the ACF system; and Florida's 2006 filing against the U.S. Fish and Wildlife Service challenging the biological opinion for the interim operating plan. Gwinnett County is an intervener in these cases, aligned with the State of Georgia. The consolidated case then proceeded in the Middle District of Florida presided over by a judge assigned from Minnesota.

On July 17, 2009, the district court judge ruled that drinking water supply is not a congressionally-authorized use of the storage in Lake Lanier. The County's withdrawals from Lake Lanier were therefore considered unauthorized by this District Court. The judge gave the parties three years to obtain congressional approval of the reallocation of the use of Lake Lanier and allowed the current water withdrawals to continue during this period.

The Governor of Georgia worked to resolve this issue and took the following steps:

- Participating in negotiations with Alabama and Florida
- Seeking Congressional authorization
- Contingency planning for alternate water sources; and
- Appealing Judge Magnuson's decision

An additional issue facing the water system is the long-term supply if the sustainable yield of the Chattahoochee basin is reached. The County may have to consider alternative means of meeting projected future demand. The costs of implementing alternative means to meet this demand cannot be determined at this time. However, return flows of high-quality reclaimed water to Lake Lanier are expected to be advantageous to the County's future allocation in the form of net withdrawal credit for return flows.

On June 28, 2011, the Federal Eleventh Circuit Court of Appeals ruled on the appeal of Judge Magnuson's decision and reversed the decision and remanded to the District Court and the United States Corps of Engineers, saying the Corps of Engineers did not constitute a final agency action when it denied Georgia's 2000 water supply request. The court gave the Corps of Engineers one year to complete its analysis of its water supply authority and release its conclusions. While the County awaited the Corps of Engineers' determination, the County continued to pursue getting the Corps of Engineers to give credit for the volume of water returned to Lake Lanier and subtracts this amount from the water withdrawn for payment of the \$18.80 per million gallons withdrawn.

On February 12, 2012, the State of Alabama, Alabama Power, the City of Apalachicola, the State of Florida, and Southeastern Federal Power Customers filed a petition for a Writ of Certiorari, thereby appealing the decision of the 11<sup>th</sup> Circuit Court of Appeals to the U.S. Supreme Court. On June 25, 2012, the U.S. Supreme Court denied the Writ of Certiorari, taking no part in the consideration or decisions of the petitions. On June 26, 2012, the Corps of Engineers issued a memorandum stating that it has the legal authority to store and release water for water supply from Lake Lanier sufficient to meet Georgia's 2000 request for 705 MGD (297 MGD direct lake withdrawals and 408 MGD from the Chattahoochee River below Buford Dam). To date, the Corps has not determined how that request is to be distributed to the various water purveyors, including Gwinnett County. However, the Corps of Engineers is currently developing an updated Water Control Manual for the ACF basin, and the operation of the federal dams within that basin, which is anticipated to address the issue of distribution of the 705 MGD Georgia request.

On September 25, 2013, the State of Florida filed a motion for leave to file a complaint against the State of Georgia before the Supreme Court of the United States. The complaint is for equitable apportionment of the water within the ACF Basin and includes a request for injunctive relief. In the complaint Florida argues that the Apalachicola Bay oyster fishery has been harmed by their claim that Georgia has overused the water within the basin, both for metro Atlanta water users as well as agricultural uses, which has resulted in an increase in the salinity of the bay, a claim which has not been proven factually. In addition, Florida has argued that numerous other economically beneficial, as well as endangered, species are also threatened as a result of reduced flows. Florida has requested the Supreme Court cap Georgia's overall depletive water withdrawals at the levels of January 1992.

On February 14, 2017, a judicial official urged the U.S. Supreme Court to reject strict new water consumption limits. The recommendation by Ralph Lancaster, a special master appointed by the U.S. Supreme Court to handle the case, found that Florida had "failed to show that a consumption cap" was needed after five weeks of hearing testimony in the case. Lancaster's finding is not final, as the high court can reject his recommendation or take another route. Congress could ultimately weigh in, and further lawsuits cannot be ruled out either.

On June 28, 2018 the U.S. Supreme Court directed an expert judge to revisit Florida's legal challenge to Georgia. The justices' 5-4 ruling will extend the legal battle for what could easily be upwards of a year, What was readily apparent from the Supreme Court's ruling on Florida's case over the ACF is that finding any legal resolution for the so-called "equitable apportionment" of water will not be easy. Proceedings, they said, could take months, a year or far longer.



## The Sewerage System

The sewage treatment facilities of the system (the “Sewerage System”) are comprised of three Water Reclamation Facilities (“WRFs”) that are wholly owned by the Water and Sewerage Authority. All of the sewerage system’s WRFs provide advanced treatment under some of the most stringent environmental requirement in the state of Georgia.

A water resources laboratory providing chemical and microbiological analyses ensures the WRFs provide consistent reporting and monitoring to the regulators. Additional laboratory services include monitoring and enforcement of industrial pretreatment requirements, and ambient water quality monitoring of the streams and rivers within the county, as needed. Separate process control laboratories are also maintained at each WRF to monitor plant performance and provide data for process control decisions.

**Water Reclamation Facilities:** The Sewerage System’s treatment facilities are the F. Wayne Hill Water Resources Center (WRC), the Yellow River WRF, and the Crooked Creek WRF. The following table shows the permitted capacity in MGD of each treatment facility and the approximate usage for each during 2018.

### SEWERAGE SYSTEM CAPACITY AND USAGE IN 2018

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

| Wastewater Reclamation Facilities (WRFs) | Permit      | ADMMF        | AADF         |
|--|-------------|--------------|--------------|
| F. Wayne Hill WRC                        | 60.0        | 41.55        | 35.71        |
| Crooked Creek WRF                        | 16.0        | 9.74         | 7.51         |
| Yellow River WRF                         | 22.0        | 18.18        | 14.44        |
| <b>TOTAL SYSTEM<sup>(1)</sup></b>        | <b>98.0</b> | <b>69.47</b> | <b>57.66</b> |

<sup>(1)</sup> This total is the Average Daily Flow for the system’s Maximum Month and is not the sum of the ADMMF’s for the individual locations which may occur in different months.

The County reports the numbers of National Pollutant Discharge Elimination System (NPDES) permit violations experienced by the County’s WRFs. In the years 2008 through 2018, the violations reported were zero, ten, four, two, zero, zero, one, zero, two, zero, and zero, respectively. Nine of the violations in 2009 and four in 2010 were permitted flow exceedances caused by flooding in the County in September 2009. Due to the severity of the flooding, the county was declared a natural disaster by the Federal Emergency Management Agency (FEMA). Gwinnett County WRFs have won more than 144 awards from the National Association of Clean Water Agencies and the Georgia Association of Water Professionals in the years 2008 through 2018 for exceptional operations and permit compliance. In 2016, the F. Wayne Hill WRC was named “Co-Plant of the Year” in its size category by the Georgia Association of Water Professionals. During a major rehab in 2018, the Crooked Creek WRC was named Plant of the Year by the Georgia Association of Water Professionals.

As part of a 50-year Water and Wastewater Master Plan, the F. Wayne Hill WRC started operation in early 2001. In late 2005, construction was completed on an additional 40 MGD of treatment capacity at the F. Wayne Hill WRC. The additional capacity brings the total water reclamation capacity of the F. Wayne Hill WRC to 60 MGD. The facility is part of a comprehensive plan to protect and conserve the County’s limited water supply. The F. Wayne Hill WRC meets one of the strictest overall treatment requirements in the Southeast, producing high-quality reclaimed water that is clean enough to discharge to a drinking water supply source. The F. Wayne Hill WRC is permitted to discharge up to 40 MGD into



Lake Sidney Lanier and 20 MGD into the Chattahoochee River. The F. Wayne Hill WRC began discharging to Lake Lanier after the completion of the pipeline to the Lake in 2010. The F. Wayne Hill WRC discharged 9,371 mg of reclaimed water in 2011, 8,426 mg in 2012, 9,640 mg in 2013, 10,659 mg in 2014, 12,056 mg in 2015, 13,610 mg in 2016, 12,840 mg in 2017, and 13,590 mg in 2018 to Lake Lanier.

In early 2007, construction began at the Yellow River WRF in order to consolidate wastewater flows from several smaller, aging wastewater treatment facilities in the Yellow River basin and treat that flow at one facility capable of producing an effluent that meets current Environmental Protection Division standards. The County chose to consolidate operations in the Yellow River basin to the single Yellow River site rather than upgrade and rehabilitate each of the smaller individual sites as a way to reduce the overall cost to our ratepayers and stakeholders. The result of consolidating operations into a single site resulted in reduced capital costs for construction as well as reduced long-term operating costs. This savings is possible through economies of scale achieved by building and operating a single large facility. The Yellow River WRF reconstruction went into operation in June 2011, at which time the permitted capacity increased from 13.5 to 22.0 MGD.

The Crooked Creek WRF improvement project started in 2009 to improve efficiency and provide reliable treatment capacity. Improvements completed in 2011 include a new influent pump station with in-line grinders and a new headworks with band screens and vortex grit removal. A new administration and maintenance building and new effluent filters were completed in 2014.

In August 2011, Gwinnett County completed the Gas-to-Energy and Fats, Oils, and Grease/High-Strength Waste Receiving Facilities at F. Wayne Hill Water Resources Center at a cost of \$5 million and \$3.5 million, respectively, funded through the *American Reinvestment and Recovery Act*. Gwinnett County has realized a savings of more than \$1,200 per day since the start of the generator engine in August 2011. Both projects received an Achievement Award from the National Association of Counties.

**Collection System:** Gwinnett County has approximately 2,777 miles of gravity and force main sewers ranging in size from eight inches to 72 inches in diameter, and approximately 218 active pump stations. These gravity sewers and pump stations collect and transmit the wastewater flow from the water customers who are served by the sewer system to the WRFs. Sewer service is provided in the central, western, and north central portions of the county. The Lower Apalachee and Lower Alcovy basins are only minimally served by sewers at this time. The 2040 Water and Wastewater Master Plan identified infrastructure improvement needs through the 2040 planning period and beyond based on flow projections. The County experiences sanitary sewer overflows, mainly due to root intrusion and grease accumulation in the sewer system. The County has a grease control and root control program to address these issues. The reportable overflows for 2009 to 2018 were 31, 30, 22, 23, 14, 25, 24, 43, 42, and 12, respectively.

Interbasin connection by pumped flows allows management to direct flow to the treatment facility that is best able to handle the flows. In basins where treatment facilities are located down gradient of other treatment facilities, the up-gradient facilities have diversion gravity lines that allow flows to be diverted for downstream treatment when needed. All pump stations have remote telemetry capability, which reports power outages, high water level alarms, and other problems to a central control center that is manned continuously. Critical pump stations that could overflow into waters with the potential for human contact have backup telemetry as well. The telemetry system is monitored by a computer that periodically queries the current status of the stations and verifies the pump stations' ability to call in alarms.

All pump stations are visited and checked by maintenance personnel, and preventive maintenance is performed on a scheduled frequency. Alarms are investigated and needed repairs are promptly accomplished. Right-of-ways and easements are maintained for access to all sewer system gravity lines and pump stations. All large, and all but one small, pump stations have dual electrical feed or standby generators for emergency use. The County owns portable generators that can be transported to small pump stations in power outage situations.

A state-approved industrial pretreatment program is in place. This program protects the treatment facilities from discharges to the sewers of materials that could upset or harm the biological treatment processes at the treatment plants. In addition, this program protects the sewer collection system from discharges of materials that could damage the gravity lines and/or the pump stations.



**Customers of the Sewerage System:** As of December 31, 2018, the Sewerage System had 173,653 retail customers. The city of Norcross was using the Sewerage System facilities on a wholesale basis until May of 2013 when Gwinnett County purchased Norcross' water and sewerage system. Beginning January 1, 2012, Gwinnett County entered into a new agreement with DeKalb County where each party pays retail sewer rates for all wastewater treated. Residents of Lilburn, Snellville, Berkeley Lake, Grayson, Duluth, Dacula, Suwanee, and Sugar Hill who are connected to the Sewerage System receive their service directly from the County. A portion of the residents of Buford are served by Buford's wastewater treatment system, while others are served by the County.

The following table shows the 10 largest retail users of the Sewerage System during 2018. Total Gwinnett County sewer usage during 2018 was 17,017,746 thousands of gallons, generating \$148,631,767 in usage revenues (excluding late fees). No single retail user accounted for more than 1.16 percent of total Sewerage System consumption in 2018, and the 10 largest users together accounted for 3.8 percent of such consumption. In addition to retail customers, the County also provided service to two municipal customers on a wholesale basis: DeKalb County and the city of Lawrenceville. DeKalb County produced 0.50 MGD of wastewater in 2018 and was billed \$1,489,114. The city of Lawrenceville produced 1.69 MGD of wastewater in 2018 and was billed \$4,934,305. These two wholesale customers accounted for 4.69 percent of the total Sewerage System consumption.

In June 2015, a Nutrient Recovery Facility began operations at the F. Wayne Hill WRC. This facility can produce up to 40 tons a day of slow release fertilizer. Gwinnett County has a 10-year contract with a commercial distributor to buy the fertilizer at \$400 a ton.

## 10 LARGEST RETAIL SEWERAGE USERS – 2018

| Customer                           | Thousands of Gallons-Per-Year | MGD         | Total Revenues Received |
|------------------------------------|-------------------------------|-------------|-------------------------|
| Gwinnett County Board of Education | 198,087                       | 0.54        | \$ 1,582,718            |
| Gwinnett County Government         | 132,835                       | 0.36        | 1,061,348               |
| Publix                             | 51,677                        | 0.14        | 412,902                 |
| Gwinnett County Jail               | 50,488                        | 0.14        | 403,400                 |
| Parc Shores                        | 42,272                        | 0.12        | 337,752                 |
| Phillips State Prison              | 41,583                        | 0.11        | 332,245                 |
| ROC III SGA Promenade at Berkeley  | 34,893                        | 0.10        | 278,791                 |
| MTS – Sweetwater                   | 33,213                        | 0.09        | 265,369                 |
| 3500 Peachtree Corners             | 30,883                        | 0.08        | 246,756                 |
| Domain Apartments                  | 30,335                        | 0.08        | 242,375                 |
| <b>TOTAL</b>                       | <b>646,266</b>                | <b>1.76</b> | <b>\$ 5,163,656</b>     |

**Current Sewerage Rates:** The schedule presented below shows sanitary sewer rates. The Gwinnett County Board of Commissioners adopted the following rates at a special meeting on December 16, 2014. This resolution has removed the previous rate increase in 2015. The Board of Commissioners has subsequently adopted rate increases effective every other year beginning on January 1, 2017 and going through 2021. The previously adopted rates approved in 2014 were replaced on December 18, 2018. This rate resolution approved water and sewer rates from 2019 through 2025 with increases in 2019, 2021, 2023, and 2025 (see schedules that follow). The sewer rates are subject to change by the County, as it deems advisable. Rates set by the County are not subject to the approval of any outside agency.

## VOLUME SEWER CHARGE

The following volumetric sewer charge shall apply to all water consumed.

| Current Rate Jan 1, 2019 | Effective Jan 1, 2021 | Effective Jan 1, 2023 | Effective Jan 1, 2025 |
|--------------------------|-----------------------|-----------------------|-----------------------|
| \$8.14/1,000 gal         | \$8.30/1,000 gal      | \$8.40/1,000 gal      | \$8.50/1,000 gal      |

*Note: In addition to the water base fee, all retail sewer accounts pay a base sewer fee of \$5.00 per billing period, with the exception of multi-family housing on a master meter. The base fee is separate from the volume charge for either water or sewer usage. Where one meter serves more than one unit, the monthly meter fee is \$10.00 per unit per billing period. Base fee are effective until modified by the Board of Commissioners.*

## INDUSTRIAL SURCHARGE

As computed for specific conditions of discharge:

## SEWER SYSTEM DEVELOPMENT CHARGE

| Water Meter Size | January 1, 2015 – 2021 |
|------------------|------------------------|
| ¾"               | \$ 4,147               |
| 1"               | 13,270                 |
| 1½"              | 31,517                 |
| 2"               | 57,643                 |
| 3"               | 143,901                |
| 4"               | 230,988                |
| 6"               | 461,146                |
| 8"               | 737,751                |
| 10"              | Varies*                |
| 12"              | Varies*                |

\*System development charges for meters larger than 8" will be determined by the Department of Water Resources to reflect anticipated average daily wastewater flows; insufficient data are available to develop equivalent flow factor for these large meters.



## ANNUAL FINANCIAL INFORMATION

SEC Rule 15c2-12(b)(5)(i)(A) requires annual financial information and operating data that are generally consistent with the presentation included in the Official Statement for each bond issue. The table on the following page provides a summary of combined operating results:

# GWINNETT COUNTY WATER AND SEWERAGE SYSTEM AND AUTHORITY

## SUMMARY OF COMBINED OPERATING RESULTS

(in thousands of dollars)

|   | 2018         | 2017*        | 2016         | 2015         | 2014*        |
|---|--------------|--------------|--------------|--------------|--------------|
| <b>Operating Revenues:</b>                          |              |              |              |              |              |
| Residential and commercial service                  | \$ 302,972   | \$ 297,850   | \$ 305,826   | \$ 293,549   | \$ 288,199   |
| Wholesale service                                   | 4,760        | 5,240        | 4,999        | 4,532        | 4,287        |
| Public fire protection charges to other funds       | 701          | 701          | 686          | 683          | 677          |
| Connection charges                                  | 1,356        | 1,446        | 1,498        | 1,431        | 1,209        |
| Miscellaneous                                       | 6,293        | 6,328        | 5,047        | 5,779        | 4,635        |
| Total operating revenues                            | 316,082      | 311,565      | 318,056      | 305,974      | 299,007      |
| <b>Operating Expenses:</b>                          |              |              |              |              |              |
| Water production                                    | 13,253       | 12,634       | 15,322       | 13,474       | 14,564       |
| Distribution and collection                         | 35,013       | 34,371       | 32,802       | 30,442       | 31,090       |
| Engineering   | 6,959        | 5,931        | 5,112        | 4,547        | 4,465        |
| Reclamation   | 33,956       | 32,072       | 35,708       | 35,986       | 31,826       |
| Depreciation and amortization                       | 97,278       | 96,719       | 81,671       | 78,968       | 77,632       |
| General and administrative                          | 32,414       | 32,625       | 31,890       | 21,579       | 26,692       |
| Total operating expenses                            | 218,873      | 214,352      | 202,505      | 184,996      | 186,269      |
| Operating income                                    | 97,209       | 97,213       | 115,551      | 120,978      | 112,738      |
| <b>Non-operating Revenues (Expenses):</b>           |              |              |              |              |              |
| Investment earnings                                 | 6,454        | 3,281        | 272          | 1,426        | 868          |
| Interest expense                                    | (19,896)     | (18,858)     | (25,589)     | (34,569)     | (38,402)     |
| Loss on disposal of fixed assets                    | (598)        | (1,962)      | (1,526)      | (17,667)     | (1,902)      |
| Income before operating transfers and contributions | 83,169       | 79,674       | 88,708       | 70,168       | 73,302       |
| Capital contributions                               | 51,227       | 48,412       | 51,033       | 43,978       | 29,051       |
| Transfers in  | 158          | —            | —            | 130          | —            |
| Transfers out                                       | (165)        | (165)        | (165)        | (165)        | (165)        |
| Increase in net position                            | 134,389      | 127,921      | 139,576      | 114,111      | 102,188      |
| Net position, January 1                             | 2,865,602    | 2,744,044    | 2,604,468    | 2,490,357    | 2,399,833    |
| Impact of restatement                               | —            | (6,363)      | —            | —            | (11,664)     |
| Net position, December 31                           | \$ 2,999,991 | \$ 2,865,602 | \$ 2,744,044 | \$ 2,604,468 | \$ 2,490,357 |

\* 2017 net position was restated due to the implementation of GASB Statement No. 75. 2014 net position was restated due to the implementation of GASB Statement No. 68.

# SECURITY FOR THE BONDS

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## GENERAL

The Series 2009A, 2009B, 2011, 2015, 2016, and 2016A Bonds are limited, special obligations of the Authority. The County and the Authority have entered into a Lease Agreement (the "Lease") dated November 1, 1985, and subsequently amended by the Amended and Restated Lease Contract in 1997 and supplemented by the Supplemental Lease Contract (the "Supplemental Lease") dated as of October 1, 2004, by which the Authority leased to the County all of its water and sewer facilities (collectively referred to as the "System"). Facilities acquired after November 1, 1985, are part of the System. The Lease is in effect until all revenue bonds are paid in full, but no later than October 1, 2054. The County manages and operates the System under the terms of the Lease and pledges the County's full faith and credit and taxing power as security for the revenue bonds issued by the Authority.

All bonds issued after execution of the Supplemental Lease are expressly junior and subordinates to the pledge of the net revenues with respect to bonds issued prior to that date. Lease payments equal to the debt service of all first and second lien bonds are to be paid directly by the County, on behalf of the Authority, into the Sinking Fund. The revenues of the Authority representing the lease payments from the County, as provided in the lease, have been pledged to the payment of the principal and interest on the Series 2002, 2003, 2005, 2006, 2008, 2009, 2011, and 2015 Bonds and any additional bonds or obligations issued therewith.

The Water and Sewerage Authority issued \$121,375,000 in refunding bonds ("2006 Refunding Bonds") on March 9, 2006. The 2006 Refunding Bonds were issued to: 1) refund the 2002 Bonds in part and 2) pay costs related to the issuance of the Bonds. The 2006 Refunding Bonds were issued at a true interest cost of 4.3846 percent and resulted in net present value savings of \$4.9 million, or 4.176 percent of the refunded par amount.

The Water and Sewerage Authority issued \$235,575,000 in revenue bonds (2009A Revenue Bonds) and \$23,955,000 in economic development Recovery Zone Bonds (2009B Recovery Zone Bonds) on October 22, 2009. The 2009 Bonds were issued to: 1) finance, in whole or in part, the costs of certain improvements and extensions to the water and sewerage system owned by the Authority, 2) refund all of the Series 2004 Bonds, and 3) pay the costs of issuing the Series 2009 Bonds. The 2009A Revenue Bonds were issued at a true interest cost of 3.3471 percent, and the 2009B Recovery Zone Bonds were issued at a true interest cost of 3.0228 percent.

The Water and Sewerage Authority issued \$163,615,000 in refunding bonds ("2011 Refunding Bonds") on July 1, 2011. The 2011 Refunding Bonds were issued to: 1) refund the 2003B Bonds and 2) pay costs related to the issuance of the Bonds. The 2011 Refunding Bonds were issued at a true interest cost of 2.918 percent and resulted in net present value savings of \$9.4 million, or 5.5 percent of the refunded par amount.

In September and October 2014, the Gwinnett Water and Sewerage Authority and the Gwinnett Board of Commissioners approved resolutions allowing the Authority to move forward with refunding the callable maturities of the 2005 Water and Sewerage Revenue Bonds on a forward/delayed delivery basis. On August 3, 2015, the Water and Sewerage Authority issued \$127,215,000 in Refunding Bonds ("2015 Refunding Bonds"). The 2015 Refunding Bonds were issued at a true interest cost of 1.74 percent and resulted in a total debt service savings of \$9.8 million and a net present value savings of \$9.2 million, or 7.3 percent of the refunded par amount. The debt service savings began in 2016.

In April 2016, the Gwinnett Water and Sewerage Authority and the Gwinnett County Board of Commissioners approved a resolution to provide for the issuance of Gwinnett County Water and Sewerage Authority Revenue Refunding Bonds, Series 2016A (the "Series 2016A Bonds") pursuant to and in conformity with the terms and conditions of a Trust Indenture dated as of October 1, 2004, between the Authority and the Bank of New York Mellon Trust Company, N.A., as Trustee, as supplemented, to finance, in whole or in part, the cost of acquiring by redemption, payment or otherwise all of the Gwinnett County Water and Sewerage Authority Revenue Bonds, Series 2008 maturing on and after August 1, 2019 and paying expenses necessary to accomplish same. This authorized the execution and delivery of a Supplemental Lease Contract with Gwinnett County, Georgia in connection to provide for the redemption of the Series 2008 Bonds to be refunded.

## REVENUE FUND AND LEASE PAYMENTS

All revenue derived from ownership and operation of the System or from properties in connection therewith shall be collected by the County and deposited promptly into the Revenue Fund created pursuant to the Lease. The County shall first pay from the Revenue Fund the reasonable and necessary costs of operating and maintaining the System in accordance with sound business practices, but before making provisions for depreciation, interest expense, and amortization. The net revenues remaining in the Revenue Fund after the payment of such operating expenses, as provided in the Lease and the Supplemental Lease, are pledged to the payment of interest and principal of outstanding first and second lien debt. Net revenues remaining after the payment of debt service are paid to the Renewal and Extension Fund for the funding of capital projects.

The Lease requires the County to revise and adjust, as often as it shall appear necessary, the schedule of rates, fees, and charges for water and sewerage services and facilities to produce funds sufficient to operate and maintain the System on a sound businesslike basis and to make the lease payments as required. Pursuant to the Lease, the County has covenanted that such rates, fees, and charges shall be maintained at such level so as to produce net revenues equal to at least 1.2 times the debt service requirement in the then current year and, taking into account amounts on deposit therein, to create and maintain by the end of each year a balance in the Renewal and Extension Fund of not less than \$3,000,000.

With respect to second lien bonds issued as variable rate obligations, the debt service requirement is computed at a rate equal to the sum of (a) the lesser of: (i) the average interest rate on such variable rate bonds for the 12 consecutive months preceding the date of calculation, and (ii) the average of the BMA Index for the 12 consecutive months preceding the date of calculation; and (b) any fees associated with any liquidity facility or remarketing agreement related to such bonds.

## ADDITIONAL BONDS

As stated in the Supplemental Lease, the Authority will not issue additional bonds under the first lien debt after October 1, 2004. However, the Supplemental Lease does not restrict the issuance of additional second lien bonds. The following conditions must be met before the issuance of additional bonds:

- (a) None of the outstanding first and second lien bonds are in default as to payment of principal and interest; the Authority remains in compliance with the Lease as supplemented and amended; the County is in compliance with the Lease and has consented in writing to the issuance of such additional bonds.
- (b) All of the payments to the Sinking Fund for both first and second lien bonds are currently being made in full as required.
- (c) A firm of independent certified public accountants shall have certified that based on net revenues for a period of 12 full consecutive calendar months out of 18 consecutive calendar months preceding the month of adoption of the proceedings for the issuance of such additional bonds, the debt service coverage ratio for each full Sinking Fund year subsequent to issuance of the proposed additional bonds shall not be less than 1.10.
- (d) If such proposed additional bonds are issued to finance a capital project, the Authority shall have received a report of the Consulting Engineers setting forth the description of the project and projected future debt service coverage ratios.
- (e) All procedures relating to authorization of additional bonds and subsequent validation proceedings are followed.

# ANNUAL DEBT SERVICE REQUIREMENTS

Debt service requirements on the Water and Sewerage Authority Revenue Bonds, Series 2009A, 2009B, 2011, 2015, 2016, and 2016A are as follows:

| Bond Year Ending December 31 | Second Lien                     |                                 |                                |                                |                                |                                 |
|------------------------------|---------------------------------|---------------------------------|--------------------------------|--------------------------------|--------------------------------|---------------------------------|
|                              | Debt Service Requirements 2009A | Debt Service Requirements 2009B | Debt Service Requirements 2011 | Debt Service Requirements 2015 | Debt Service Requirements 2016 | Debt Service Requirements 2016A |
| 2019                         | 17,784,688                      | 1,301,548                       | 18,368,750                     | 8,632,025                      | 11,870,386                     | 15,992,231                      |
| 2020                         | 17,787,688                      | 1,301,548                       | 18,365,950                     | 8,596,781                      | 11,897,130                     | 15,988,659                      |
| 2021                         | 17,786,088                      | 1,301,548                       | 18,364,700                     | 8,569,710                      | 11,932,974                     | 15,991,284                      |
| 2022                         | 17,784,288                      | 1,301,548                       | 18,366,500                     | 8,515,638                      | 11,982,564                     | 15,989,937                      |
| 2023                         | 17,789,200                      | 1,301,548                       | 18,371,000                     | —                              | 21,905,428                     | 15,989,619                      |
| 2024 – 2028                  | 86,228,400                      | 10,507,738                      | 36,732,000                     | —                              | 43,808,438                     | 79,948,746                      |
| 2029                         | —                               | 21,042,548                      | —                              | —                              | —                              | —                               |
| <b>Total</b>                 | <b>175,160,352</b>              | <b>38,058,026</b>               | <b>128,568,900</b>             | <b>34,314,154</b>              | <b>113,396,920</b>             | <b>159,900,476</b>              |

# AUDITED ANNUAL FINANCIAL STATEMENTS

The Financial Section of this Comprehensive Annual Financial Report contains the County's Financial Statements with related Independent Auditors' Report. The County also has separately issued financial statements for the Water and Sewerage Authority, with related Independent Auditors' Report. These statements are consistent with the financial statements contained in the Official Statements in compliance with SEC Rule 15c2-12(b)(5)(i)(A) and (B).

## OTHER INFORMATION

Other relevant information is located in the Statistical Section of this Comprehensive Annual Financial Report.



Gwinnett



The County maintains several online resources to provide residents and businesses with detailed information about Gwinnett's financial operations.

Visit us at [www.gwinnettcountry.com](http://www.gwinnettcountry.com) and click on the *Your Money* button.

[Guide to the Budget](#) 

[Where your property taxes go](#) 

[SPLOST](#) 

[Archive: Financial Reports](#) 

**PREPARED BY:**

Department of Financial Services

**EDITING, LAYOUT AND DESIGN,  
& PHOTOGRAPHS:**

Communications Division

**CREATED:**

Spring 2019

We would like to express our appreciation to department directors and elected officials, Financial Services staff, Communications staff, and staff members in other departments for their exceptional contributions to the preparation of this document.

**Questions about this document?**

Contact the Department of Financial Services  
at 770.822.7850

**Gwinnett**  
COUNTY GOVERNMENT

Gwinnett Justice & Administration Center  
75 Langley Drive | Lawrenceville, Georgia  
[www.gwinnettcountry.com](http://www.gwinnettcountry.com)