











Comprehensive Annual **Financial Report**

Year Ended December 31, 2012

2012

gwinnettcounty, georgia

gwinnettcounty, **georgia**
Comprehensive Annual Financial Report
Year ended December 31, 2012

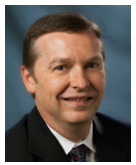
Prepared by:
Department of **Financial Services**
and the **Communications Division**

County Commission



Charlotte J. **Nash**

CHAIRMAN



Jace **Brooks**

DISTRICT 1



Lynette **Howard**

DISTRICT 2



Tommy **Hunter***

DISTRICT 3



John **Heard**

DISTRICT 4

** Took office on January 1, 2013*


GWINNETT JUSTICE AND

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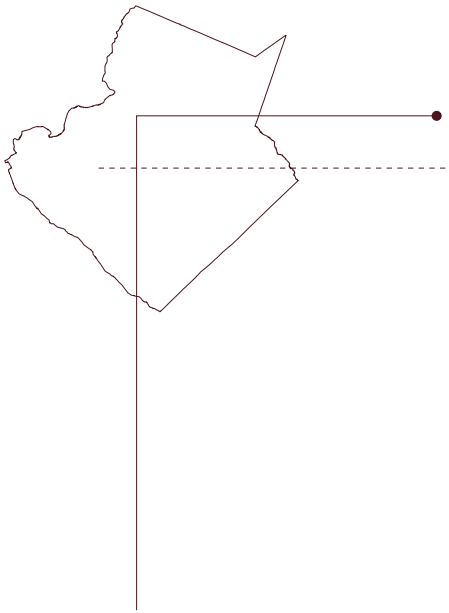
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introductory section

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County Administration/Department Directors
Elected and Judicially Appointed Officials
Department of Financial Services Organizational Chart
Accounting Division

Department of Financial Services
Office of the Director

75 Langley Drive • Lawrenceville, GA 30046
(tel) 770.822.7820 • (fax) 770.822.7818

May 15, 2013

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, 2012.

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 and Jenkins, 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, 2012, are 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 unqualified 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 17 – 32 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.

Profile of the Government

Gwinnett County is a world-class residential, business, and tourist location 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 within a two-hour flight from 80 percent of the United States' population, the county is easily accessible to the majority of North Americans. Gwinnett's geographical allure combined with its award-winning parks and recreation facilities, diverse population, and rich history attract many businesses, newcomers, and visitors to the area.

There are 16 incorporated municipalities within Gwinnett County's 437 square miles, including the County's newest city – the City of Peachtree Corners, which was created in 2011. The county seat of Lawrenceville is a 25-minute drive from downtown Atlanta. Gwinnett is one of the state's most populous counties with an estimated population exceeding 837,000 in 2012. Based on current trends, Gwinnett is expected to exceed one million residents by the year 2020. The statistical section of this report contains more detailed demographic information.

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 daily operations. The County also has 27 other elected officials and eight judicially appointed officials. A complete list is located on page 11.

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

Our dynamic and exciting county combines the best of big-city living with the comforts of the suburbs.

Factors Affecting Financial 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.



Service Delivery Strategy
In 2012, Gwinnett County and 15 cities (excluding the newly-formed City of Peachtree Corners) reached a negotiated settlement on how services will be provided. State law requires that cities and counties operate under a Service Delivery Strategy (SDS) agreement that defines the services to be provided by each jurisdiction and sets out how those services are funded. As a result, the County and its cities entered into a new SDS agreement that affects the way the County budgets and provides some services. This agreement created four new service districts that became effective on January 1, 2013. The service districts include all of the different areas in Gwinnett County that receive designated services provided by county government. The new service district funds will be reported in the 2013 CAFR. More information on the new service districts can be found at the **Gwinnett County Service Districts Explained** page on the County's website.

Bond Rating
Gwinnett County has maintained triple-AAA bond ratings from all three rating agencies since 1997. The triple-AAA ratings validate that Gwinnett's financial position is strong, with sound general fund reserves, and excellent long-term financial planning strategies. Gwinnett is in an elite group of approximately 39 counties in the United States with the top bond ratings from all three major bond-rating agencies. The County's excellent credit rating results in significant interest savings for Gwinnett residents. In 2012, the County refunded its 2003 General Obligation Bonds. As a result of the refunding, the bonds' maturity dates have been shortened by four years, and the County will save approximately $2.2 million in debt service over the remaining life of the bonds.

Local Economy
Fiscal year 2012 was another difficult year with many challenges for local, state, and national economies. However, the County's economic development program continues to be strong. Unemployment in Gwinnett is improving, and the rate in Gwinnett County remains lower than all other metro Atlanta counties and the national average. In 2012, there were 19 businesses that relocated to Gwinnett County, which added 800 new jobs to our community.

Gwinnett County continues to focus on economically-challenged areas through the Neighborhood Stabilization Program (NSP). Through this program, the County is facilitating the acquisition of foreclosed homes in targeted neighborhoods, restoring them and making them available to qualified buyers. Gwinnett County has used NSP funds to help acquire and rehabilitate 131 single-family homes and 92 multi-family homes located in various parts of the County. One hundred and eighty-one of these homes have been sold or rented to qualified homeowners. NSP is providing welcomed relief for those communities where homes once stood vacant and deteriorating. The program also reduces the impact of foreclosures by partnering with the state to offer mortgage payment assistance to qualified homeowners.

Long-Term Financial Planning and Economic Development
The Gwinnett County vision provides the overarching framework for our 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.*



Our long-term financial planning policy allows us to ensure the County's ongoing financial sustainability beyond a single fiscal year budget cycle. The Board of Commissioners adopted the 2030 Unified Plan in 2009. This plan will guide the County's growth and infrastructure development for decades and is an innovative roadmap for smart growth in Gwinnett. The 2030 Unified Plan coordinated the updates of the Comprehensive Plan, the Consolidated Plan, and the Comprehensive Transportation Plan.

Initiatives that the County completed in 2012 included the development of five-year forecasts for all of its primary operating funds to evaluate future financial capacity. The County also implemented a funds reserve policy to ensure that each fund maintains sufficient funds available to meet unexpected future financial needs. Using estimates, strategies were developed to achieve long-term sustainability of the government's service objectives, balance reserve levels, and prevent or address identifiable financial challenges.

Decline in the Digest

Perhaps the most noticeable impact of the recession on County finances has been the declining property tax digest. For many years, Gwinnett experienced a growing tax digest. Beginning in 2009, the digest began to decline and is projected to continue to decline through 2013. When the 2012 budget was developed, the 2012 digest was estimated to decline approximately 8 percent from 2011, although the actual decline was closer to 5 percent.

The County continues to face many difficult decisions as a result of the decline in the 2012 digest. The County balanced the budget by continuing cost-saving initiatives including the 90-day job vacancy program, no employee raises, and no new positions. The cost-saving initiatives implemented were successful in helping the County maintain conservative financial forecasts and end the year on solid financial footing. As a result, the General Fund ended the fiscal year with a contribution to fund balance of $2.5 million, bringing the ending fund balance to $174.4 million.

Rising Health Care Costs

Rising health care costs continue to affect county government in several areas. The County is addressing the issue using a multi-faceted approach. One aspect of that approach is providing Wellness Promotion and Disease Management Services. Another aspect is reducing contracted health care costs. In 2012, the County was successful in reducing the medical plan healthcare costs by 2.6 percent.

Accrued Liabilities

Another financial challenge for the County, like other governments, has been funding its Defined Benefit Pension (DB) and Other Post-Employment Benefits (OPEB) plans. Beginning in 2007, the County closed the DB pension plan to new employees and began amortizing the unfunded actuarial accrued liability over 20 years, the average service time of remaining participants at that time. As of December 31, 2012, the remaining amortization period is 14 years. The County is committed to reducing the unfunded pension and OPEB liabilities and increasing the funding ratios of these plans. Budget savings in recent years have been contributed to pay down these accrued liabilities.

In 2012, the County continued to make aggressive contributions to both plans totaling $72 million. The $72 million included not only the required annual contribution of $51.8 million, but also an extra contribution of $20.2 million, with $19 million deposited into the DB plan and $1.2 million deposited into the OPEB trust.

More details are in ***Notes 12*** and ***13*** of the Notes to Financial Statements.

Environmental Sustainability

Gwinnett is dedicated to advancing environmental sustainability. In 2012, the Department of Water Resources completed a successful overhaul of the Yellow River Water Reclamation Facility. The project allowed the County to close small, obsolete plants and was completed one year ahead of schedule and $10 million under budget. The project achieved the Leadership in Energy and Environmental Design (LEED) Gold certification for sustainability and will save more than $2.4 million in annual operating costs.

The County also earned the Green Communities designation from the Atlanta Regional Commission (ARC) for energy efficient projects.

Capital Improvement Program

Maintaining and expanding the County's infrastructure – including water, sewer, recreation, transportation, criminal justice, and public safety – remains a high priority for the County. The Capital Improvement Program (CIP) captures and coordinates the needs and plans of all County departments. A five-year plan provides for current development, financing, and maintenance needs.

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 our 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. As part of these 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.

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. Within each fund, expenditures may not legally exceed appropriations at the department level. 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 internal audit function is housed within the Performance Analysis Division (PAD), which reports to the Board of Commissioners. PAD works directly with the County Administrator's office on a daily basis to build a "Committee of Sponsoring Organizations" (COSO)-based audit approach. PAD also has the responsibility of overseeing the County's Performance Management and Balanced Scorecard Program. The main focus of the audit function is to provide a review of internal controls across all departments by performing a range of audits which include financial, compliance, and operational reviews.

Accomplishments

Although the County and its residents continue to face difficult financial times, the County was able to accomplish many objectives through 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 recreational facilities"

Gwinnett County boasts a nationally-recognized parks and recreation system. The beautiful parks and year-round leisure activities offer a never-ending source of fun anytime of year.

In 2012, the County used Special Purpose Local Option Sales Tax (SPLOST) dollars to open Bryson Park and the Yellow River Post Office Historic site. Several other parks were renovated including Rhodes Jordan and Vines.

In recognition of Gwinnett County's collaboration with 28 nonprofit youth associations across the county, the Parks and Recreation Division was awarded the 2012 Excellence in Youth Sports Award by the National Alliance for Youth Sports.

"Safe Neighborhoods"

Public safety remains of the utmost importance in Gwinnett County. The County continues to provide top-quality public safety for residents and businesses. The Police Department answered more than 1 million resident calls in 2012. Thanks to their commitment, the County experienced a drop in the property crime rate for the year, and 95 percent of residents reported feeling safe in their neighborhood. In 2012, the Police Department initiated a Crime-Free Multi-Housing program.

Fire and Emergency Medical Services (EMS) responded to more than 66,000 fire- and medical-related calls during the year. In 2012, Fire and EMS started a partnership with Gwinnett Medical Center's Strickland Heart Center, and the department received the National Association of Counties award for the Firefighters Lunch and Mentorship Experience (F.L.A.M.E.).

"Making life better for our citizens"

The County redesigned its website to improve the user experience for residents. The redesign of **gwinnettcounty.com** received the Best in Class and Superior Awards from the National Association of County Information Officers. The County also won an achievement award from the National Association of Counties for the *Where Your Property Taxes Go* tool to help property owners understand the value they receive in services for what they pay in taxes. The new website includes a newly designed County Clerk website providing constituents with access to meeting notices, agendas and minutes, and Code of Ethics reporting capabilities.

In 2012, the Department of Transportation completed the final section of the Sugarloaf Parkway Extension. This added a bridge overpass and entrance/exit ramps, completing the 6-mile extension from SR 20 south of Lawrenceville to SR 316 in the Dacula area. The Department of Transportation continued to make additional improvements to State Route 316 and started construction on the first Diverging Diamond interchange across Interstate 85 at Pleasant Hill Road.

The Department of Planning and Development implemented a Unified Development Ordinance Project and initiated a Vacant Structures Registration Process.

"Partnering with Others in our Community"

The County continued its *Volunteer Gwinnett* program to help the County provide valuable services with a goal of reaching one million volunteer hours by 2015. This goal was nearly reached in 2012, with more than 900,000 volunteer hours contributed.

A complete listing of all notable accomplishments from the 2012 State of the County address can be obtained at the **State of the County** page on the County's website.

Awards

In 2012, for the 31st consecutive year, Gwinnett County received the Certificate of Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for the fiscal year ended December 31, 2011. The award honors easily readable, efficiently organized, comprehensive annual financial reporting that conforms to program standards. The certificate recognizes the use of GAAP and meeting applicable legal requirements. The County intends to maintain and surpass this standard and to submit this and future reports to GFOA for consideration.

Other awards in 2012 included:

- Excellence Award for the Neighborhood Stabilization Program from the National Association of County Information Officers
- Superior Award for the Corrections Annual Report from the National Association of County Information Officers
- Distinguished Budget Presentation Award from the Government Finance Officers Association



- Achievement of Excellence in Procurement Award from the National Purchasing Institute
- State Region III EMS Director of the Year Award
- Solid Waste Association of North America Silver Excellence Award
- Waste Reduction Award from Keep Georgia Beautiful
- 2012 Large Distribution System of the Year, Department of Water Resources
- 2012 Gold Award for Collections System of the Year, Department of Water Resources

Acknowledgements

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 also thank Mauldin and Jenkins for their assistance. We extend appreciation and thanks to Chairman Charlotte J. Nash and the District Commissioners, County Administrator Glenn Stephens, and Deputy County Administrator/CFO Aaron J. Bovos 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 in 2012 is a tribute to their dedication.

Respectfully submitted,



Maria B. Woods
Director of Financial Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Gwinnett County
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

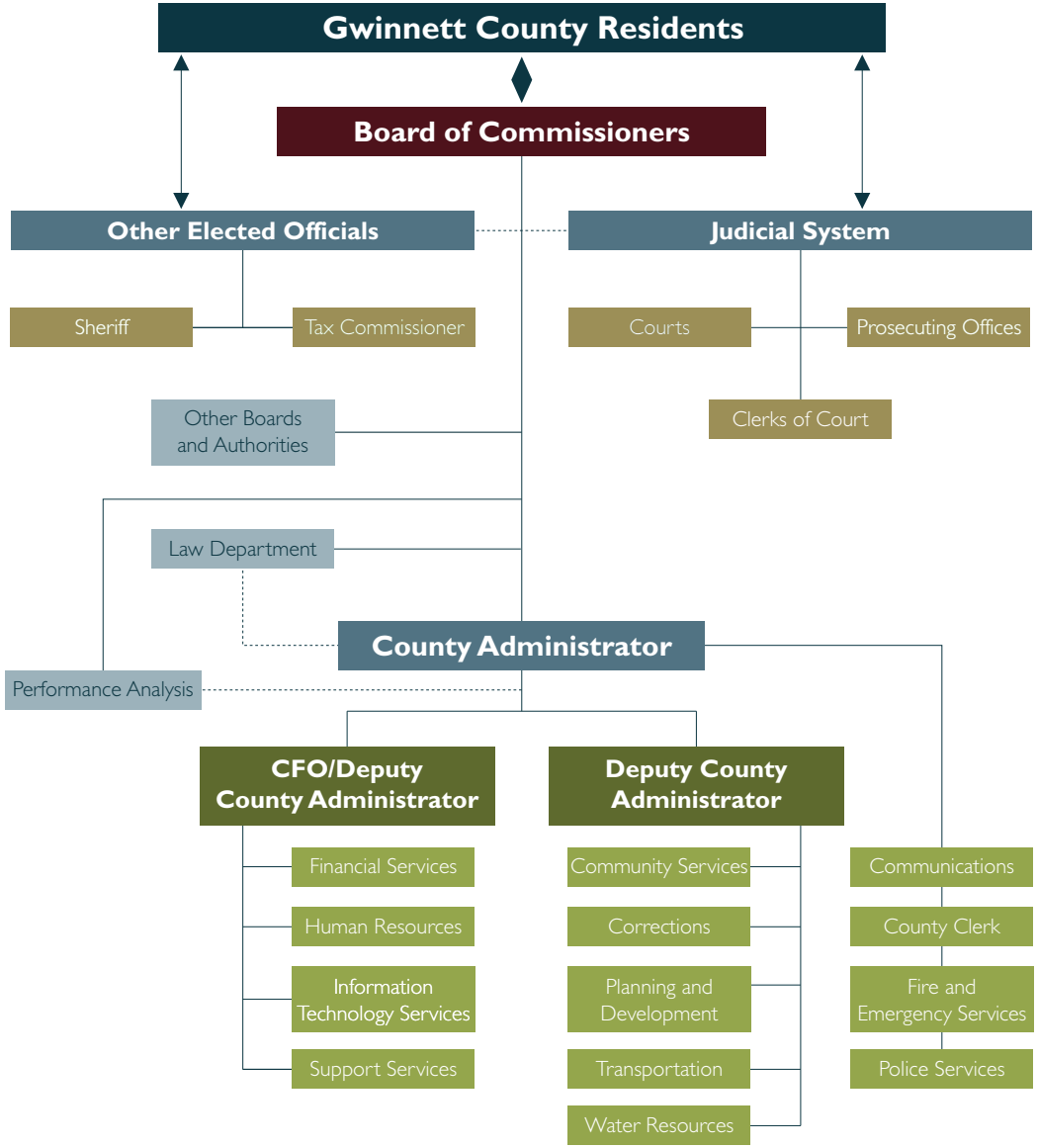
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P Morrill
President

Jeffrey L. Esser
Executive Director

Gwinnett County Organizational Chart



County Administration/Department Directors

County Administrator
Glenn P. **Stephens**

Deputy County Administrator/CFO
Aaron J. **Bovos**

Deputy County Administrator
Vacant

County Attorney
M. Van **Stephens,** *Acting County Attorney*

Community Services
Phil **Hoskins,** Director

Corrections
Warden David **Peek**

Financial Services
Maria **Woods,** Director

Fire and Emergency Services
Chief Bill **Myers**

Human Resources
Kenneth **Poe,** Director

Information Technology Services
Barry **Puckett**, *Acting Director*

Planning and Development
Bryan **Lackey,** Director

Police Services
Chief Charles M. **Walters**

Support Services
Vacant

Transportation
Kim **Conroy,** Director

Water Resources
Ron **Seibenhener**, Director

Elected Officials

Clerk of Court
Richard T. **Alexander Jr.**

District Attorney
Daniel J. **Porter**

Chief Magistrate Court Judge
Kristina H. **Blum***

Probate Court Judge
Christopher A. **Ballar***

Sheriff
R.L. "Butch" **Conway**

Solicitor
Rosanna **Szabo**

Tax Commissioner
Richard **Steele**

State Court Judges
Pamela D. **South**, Chief Judge*
Joseph C. **Iannazzone**
Carla E. **Brown**
Randolph G. **Rich**
John F. **Doran Jr.**
Emily J. **Brantley***
Howard E. **Cook**, Senior Judge*
Robert W. **Mock Sr.**, Senior Judge*

Superior Court Judges
Melodie **Snell-Conner**, Chief Judge*
Michael C. **Clark**
Debra K. **Turner**
R. Timothy **Hamil**
Ronnie K. **Batchelor**
Thomas N. **Davis Jr.**
Warren P. **Davis**
Karen E. **Beyers**
Kathryn M. **Schrader**
George F. **Hutchinson III**
K. Dawson **Jackson**, Senior Judge*
Fred A. **Bishop Jr.**, Senior Judge*

Judicially Appointed Officials

Juvenile Court Judges
Robert V. **Rodatus,** Presiding Judge
Stephen E. **Franzén**
Robert **Waller**

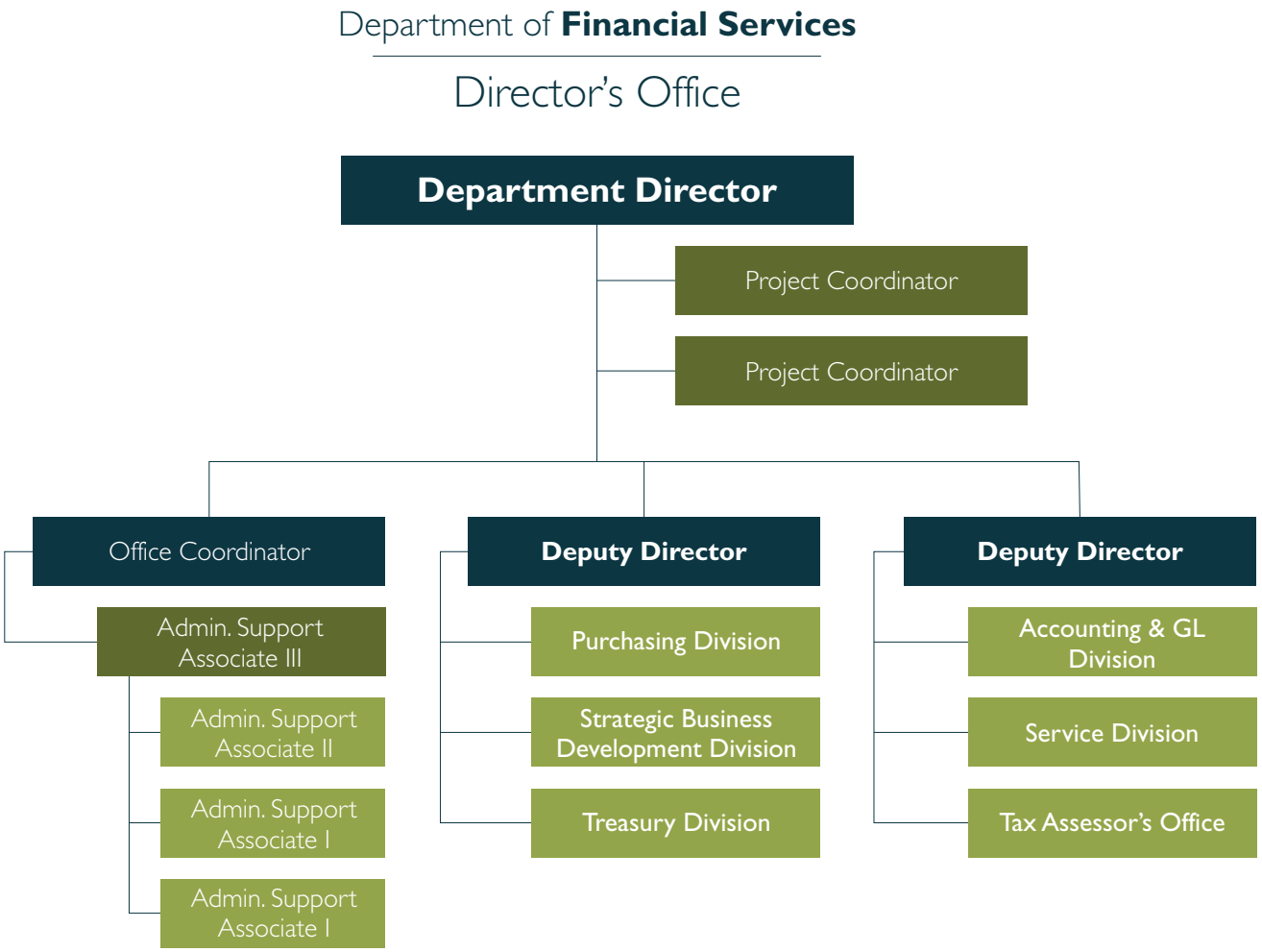
Recorder's Court Judges
Michael **Greene,** Chief Judge
Rodney S. **Harris**
Patti **Muise**

Clerk of Recorder's Court
Jeff C. **West**

Court Administrator
Philip M. **Boudewyns**

** Took office on January 1, 2013*

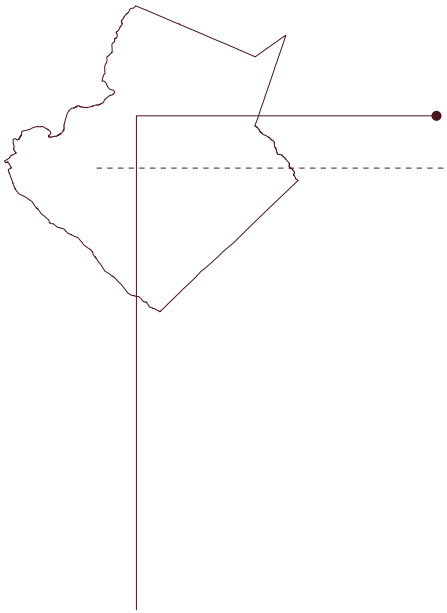
Financial Services Organization Chart



Accounting & GL Division

Buffy **Alexzulian**, Director
Laurie **Bohon**, CPA, Financial Reporting Manager
Natalie **Williams**, Accounting Manager

Dana **Brunson**, Financial Analyst
Deirdre **Diggs**, Financial Analyst
Tamara **Ellison**, Financial Analyst
Cindy **Knapp**, Financial Analyst
Suhelly **Lopez**, Financial Analyst
Anna **Payne**, Financial Analyst
Penny **Purchell**, CPA, Financial Analyst
Hassan **Saudin**, Financial Analyst
Brian **Yen**, Financial Analyst



financial section

Independent Auditors' Report
Management's Discussion and Analysis

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITORS' REPORT

The Board of Commissioners of Gwinnett County
Lawrenceville, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Gwinnett County, Georgia** (the "County"), as of and for the year ended December 31, 2012, 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 9%, 83%, and 49%, 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General 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 Note 1, the County implemented Governmental Accounting Standards Board Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and No. 65, *Items Previously Reported as Assets and Liabilities*, effective January 1, 2012. These standards modified terminology and presentation of certain accounts and changed the accounting for bond issuance costs. Our opinion is 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 and the Schedules of Funding Progress on pages 17 through 32 and pages 99 and 100, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

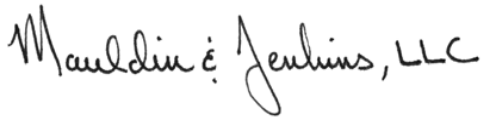
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual non-major fund financial statements and schedules; the Schedule of Expenditures of Federal, State, and Local Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; 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, State, and Local 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, State, and Local 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 May 10, 2013 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



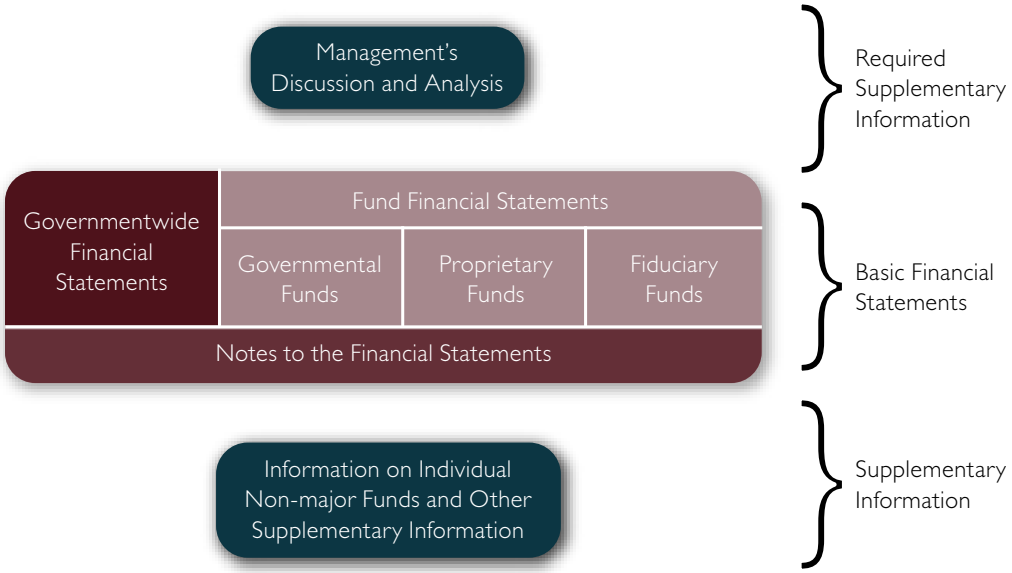
Atlanta, Georgia
May 10, 2013

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, 2012. 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*** on page 52 of this report.

The statement of net position presents information on all of the County's assets and liabilities (for all fund types except fiduciary), with the difference between the two 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 Health Department, and the Gwinnett County Development Authority. 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 Sewer Authority, the Airport Authority, the Recreation Authority, the Public Facilities Authority, and the Stormwater Authority, 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 33 – 34 of this report. The component unit combining statements are on pages 45 – 46.

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 (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 Treasury, Police Special State, Crime Victims Assistance, District Attorney Federal Asset Sharing, Corrections Inmate Welfare, Sheriff Inmate, E-911, Loganville Emergency Medical Services District, Recreation, and Grant); Capital Projects (2001 Sales Tax, 2005 Sales Tax, 2009 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, Other Capital Projects, 2001 Sales Tax, 2005 Sales Tax, and 2009 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*** on page 52 of this report.

Gwinnett County adopts an annual appropriated budget for its general, special revenue, debt service, and capital projects funds. A budgetary comparison statement has been provided for the General Fund. This statement is found on page 39. The basic governmental fund financial statements can be found on pages 35 – 38.

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 (gallons of water used, airport rental, etc.) rather than taxes. The County uses enterprise funds to account for its water and sewer, airport, solid waste, stormwater, and transit activities. Internal service funds are an accounting device 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 funds 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 Sewer 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 40 – 42 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 43. The County also maintains fiduciary funds for Pension and Other Post-Employment Benefits (OPEB) trust funds. These funds are aggregated and presented on pages 43 and 44.

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 47 – 98 of this report.

Financial Highlights

- Gwinnett County's assets and deferred outflows of resources exceeded liabilities at December 31, 2012 by $6,104,390,000 (net position). Of this amount, $746,304,000 (unrestricted net position) may be used to meet the government's ongoing obligations to residents and creditors.
- As of December 31, 2012, the County's governmental funds reported combined ending fund balances of $650,260,000, an increase of $39,646,000 in comparison with the prior year. Of this amount, $129,503,000 remains in the General Fund as unassigned.
- At December 31, 2012, the County's General Fund reported a fund balance of $174,371,000, an increase of $2,517,000 or 1.5 percent from last fiscal year.
- Gwinnett County's total long-term bonds decreased by $52,460,000 during the current fiscal year. This decrease is attributed to principal payments and a net present value savings of $2.2 million from a refunding of general obligation bonds in 2012.
- In 2012, Water and Sewerage Fund revenues were up approximately 3.8 percent, or $10 million, over the prior year, primarily due to a rate increase. The fund's operating income was up $9 million for the year and despite $19 million in losses on capital assets from two major demolition projects (Beaver Ruin and Jackson Creek); the Water and Sewerage fund had an increase in net position of $44.9 million.
- In fiscal year 2012, the County created a new internal service fund called the Administrative Support Fund, which contains the activities of all central support departments: Information Technology Services; Support Services; Human Resources; Law; Financial Services, with the exception of the Tax Assessor; and County Administration, with the exception of the County Clerk and Board of Commissioners. These activities are funded primarily by charges to all other funds receiving benefits based on a countywide central services cost allocation plan.
- The County implemented Governmental Accounting Standards Board (GASB) Statement 63, "Financial Reporting of Deferred Inflows of Resources, Deferred Outflows of Resources, and Net Position," and early-implemented GASB Statement 65, "Items Previously Reported as Assets and Liabilities," for the year ended December 31, 2012. Implementation of these new accounting pronouncements required a restatement of beginning net position for both governmental and business-type activities. More information regarding these restatements can be found in ***Note 1*** on page 59.

Governmentwide Financial Analysis

As noted earlier, 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 by $6,104,390,000 at the close of the most recent fiscal year. This represents an increase of $147,635,000, or 2.5 percent, from fiscal year 2011.

Gwinnett County's Net Position
(in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011*	2012	2011*	2012	2011*
Current and other assets	$ 982,701	$ 956,348	$ 333,173	$ 325,823	$ 1,315,874	$ 1,282,171
Capital assets	2,461,176	2,424,545	3,630,773	3,642,042	6,091,949	6,066,587
Total assets	3,443,877	3,380,893	3,963,946	3,967,865	7,407,823	7,348,758
Deferred outflows of resources	630	–	19,796	22,912	20,426	22,912
Long-term liabilities outstanding	170,455	171,486	1,016,357	1,071,152	1,186,812	1,242,638
Other liabilities	44,744	75,176	92,303	97,101	137,047	172,277
Total liabilities	215,199	246,662	1,108,660	1,168,253	1,323,859	1,414,915
Net position:						
Net investment in capital assets	2,320,301	2,277,439	2,614,293	2,592,634	4,934,594	4,870,073
Restricted	398,100	365,299	25,392	38,926	423,492	404,225
Unrestricted	510,907	491,493	235,397	190,964	746,304	682,457
Total net position	$ 3,229,308	$ 3,134,231	$ 2,875,082	$ 2,822,524	$ 6,104,390	$ 5,956,755

**Restated*

By far the largest portion of the County's net position (81 percent) at December 31, 2012 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 (7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position ($746,304,000) may be used to meet the government's ongoing obligations to residents and creditors.

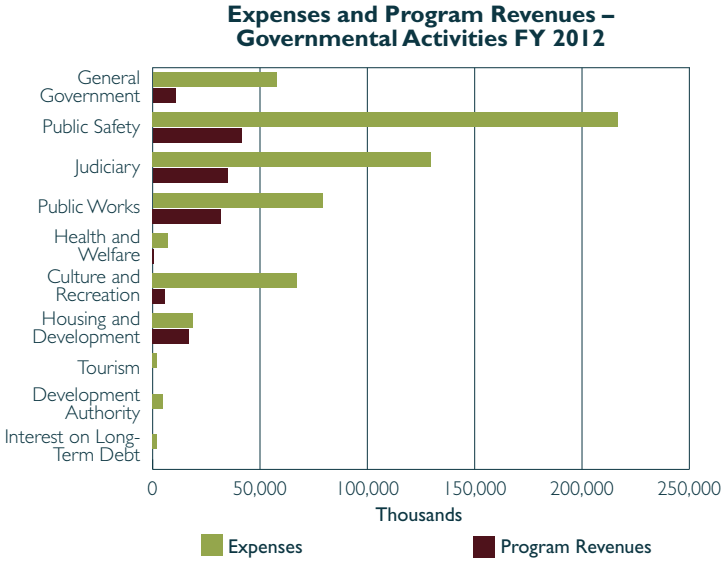
At the end of the current fiscal year, the County is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. Growth in net position is an indication that the County's financial position has improved over 2011.

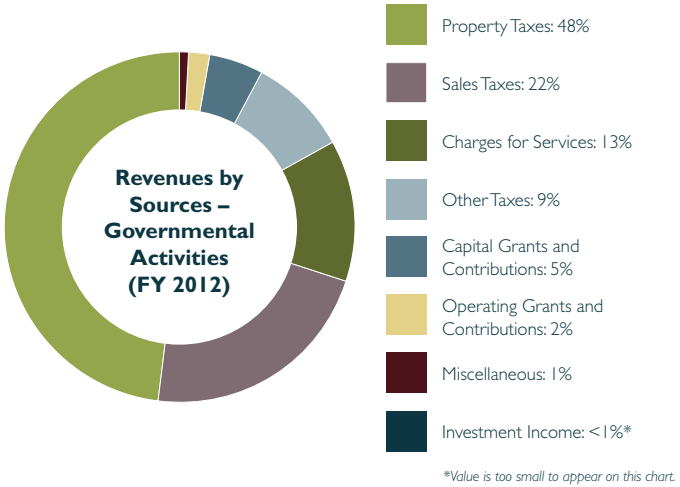
Gwinnett County's Changes In Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues:						
Charges for services	$ 93,154	$ 100,258	$ 349,829	$ 337,728	$ 442,983	$ 437,986
Operating grants and contributions	16,074	18,005	5,946	6,605	22,020	24,610
Capital grants and contributions	32,853	20,193	14,209	17,571	47,062	37,764
General revenues:						
Property taxes	324,081	336,256	–	–	324,081	336,256
Sales taxes	142,571	134,752	–	–	142,571	134,752
Other taxes	64,063	64,284	–	–	64,063	64,284
Investment income	1,246	1,998	803	1,044	2,049	3,042
Other	10,260	11,588	–	–	10,260	11,588
Total revenues	684,302	687,334	370,787	362,948	1,055,089	1,050,282
Expenses						
General government	57,690	97,991	–	–	57,690	97,991
Public safety	216,808	193,625	–	–	216,808	193,625
Judiciary	129,590	114,896	–	–	129,590	114,896
Public works	79,129	60,013	–	–	79,129	60,013
Health and welfare	7,081	11,762	–	–	7,081	11,762
Culture and recreation	67,090	69,252	–	–	67,090	69,252
Housing and development	18,908	18,098	–	–	18,908	18,098
Tourism	2,069	2,044	–	–	2,069	2,044
Development authority	4,947	4,367	–	–	4,947	4,367
Interest on long-term debt	1,921	2,659	–	–	1,921	2,659
Water and sewage	–	–	236,249	213,048	236,249	213,048
Airport	–	–	1,150	2,359	1,150	2,359
Solid waste	–	–	39,210	40,438	39,210	40,438
Stormwater	–	–	27,126	31,804	27,126	31,804
Transit	–	–	18,486	18,235	18,486	18,235
Total expenses	585,233	574,707	322,221	305,884	907,454	880,591
Increase in net position before transfers	99,069	112,627	48,566	57,064	147,635	169,691
Transfers	(3,992)	(5,161)	3,992	5,161	–	–
Increase in net position after transfers	95,077	107,466	52,558	62,225	147,635	169,691
Net position – January 1, as restated	3,134,231	3,026,765	2,822,524	2,760,299	5,956,755	5,787,064
Net position – December 31	$ 3,229,308	$ 3,134,231	$ 2,875,082	$ 2,822,524	$ 6,104,390	$ 5,956,755

Governmental activities: Governmental activities increased the County's net position by $95,077,000, thereby accounting for 64 percent of the total growth in net position.

- Revenue decreased by $3 million, primarily due to a decrease in property tax revenue ($12.2 million), a decrease in miscellaneous revenue ($1.3 million), a decrease in investment income ($0.7 million), a decrease in other taxes ($0.2 million), offset by an increase in sales tax revenue ($7.8 million), and an increase in program revenues ($3.6 million).
- General government expenses decreased by $40 million, primarily due to the movement of central service departments and their related expenses to the newly-created Administrative Support internal service fund in 2012, resulting in more accurate allocations of these expenses to other functions, as discussed previously in the financial highlights section on page 21.
- Public safety expenses increased by $23.2 million, of which approximately $14 million is due to an increase in central administrative costs, as discussed previously in the financial highlights section, and just over $9 million is due to increases in payments to risk-related internal service funds.
- Public works expenses increased by $19 million, primarily due to an increase in depreciation and road repair and maintenance work.
- Judiciary expenses increased by $15 million, primarily due to central administrative cost charges, as discussed previously in the financial highlights section.

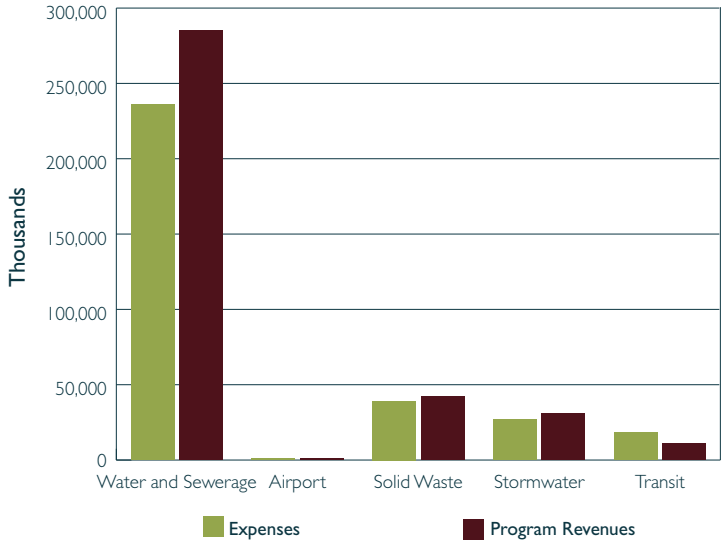


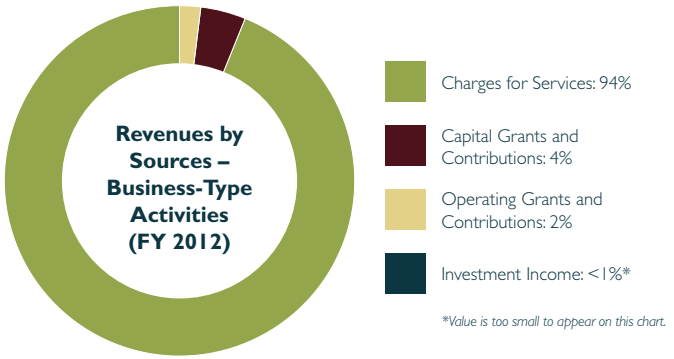


Business-type activities: Business-type activities increased the County's net position by $52,558,000, accounting for 36 percent of the total growth in the government's net position. Key elements of this increase are as follows:

- In 2012, Water and Sewerage Fund revenues were up approximately 3.8 percent, or $10 million, over the prior year, primarily due to a rate increase. The fund's operating income was up $9 million for the year and despite $19 million in losses on capital assets from two major demolition projects (Beaver Ruin and Jackson Creek); the Water and Sewerage fund had an increase in net position of $44.9 million.
- The Stormwater Fund reported an increase in net position of $4,122,000. This is $3 million more than the 2011 increase in net position. Operating income is up $3.7 million from 2011, due in part to a decrease in operating expenses of $4.3 million offset by a decrease in intergovernmental revenue of $1 million and a $0.4 million increase in other operating revenues. In addition, loss on disposal of assets increased $0.6 million, capital contributions increased $0.2 million and transfers in decreased $0.4 million.
- The Transit Fund reported a decrease in net position of $4,857,000, which is approximately $1 million more than the 2011 decrease in net position, primarily due to a loss on disposal of capital asset.
- The Solid Waste Fund reported an increase in net position of $2,013,000, which is approximately $0.7 million more than the 2011 change in net position. This is primarily because there was a loss on disposal of assets in 2011 that did not occur in 2012.

Expenses and Program Revenues – Business-Type Activities FY 2012





Financial Analysis of the Government's Funds

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

Governmental funds: The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. 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 the current fiscal year, the County's governmental funds reported combined ending fund balances of $650,260,000, an increase of $39,646,000 in comparison with the prior year. This increase is approximately $9 million less than the 2011 increase in fund balances. Overall revenues are up $8.6 million, but this was offset by an overall increase in expenditures of $17.6 million. The following paragraphs discuss the individual major governmental funds as well as the Debt Service Fund.

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 $129,503,000. 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 32 percent of total General Fund expenditures. Total fund balance increased $2.5 million, which is $21.4 million less than the 2011 increase in fund balance. This decline is primarily related to a declining tax digest, which resulted in a $13.1 million decrease in tax revenues and a $10 million reduction in Charges for Services related to the creation of the Administrative Support Fund. Although substantial, these decreases in revenue were offset by an earlier property tax bill due date in 2012, which resulted in a $4.5 million increase in revenue and an improved collection rate. Also, increases in specific line items such as insurance premium tax and intangible recording tax resulted in a $3.1 million increase in revenue. In addition, expenditures are down $10 million primarily due to vacancies and efforts to spend conservatively, but transfers-out are up $15.6 million, mostly due to transfers to capital not occurring in 2011.

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 the current fiscal year, the fund balance of the Other Capital Projects Fund was $78,720,000, representing an increase of $3,227,000 from 2011. Expenditures exceeded revenues by $15.3 million, which was offset by transfers in of $18.5 million.

The 2001 Sales Tax Fund accounts for the financial resources provided from the 2001 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. This fund was closed in 2012.

The 2005 Sales Tax Fund accounts for the financial resources provided from the 2005 one percent Special Purpose Local Option Sales Tax. Such funds were approved by voter referendum for libraries, parks and recreation, public safety, and transportation projects. At the end of the fiscal year 2012, the 2005 Sales Tax Fund reported a fund balance of $38.7 million. Fund expenditures exceeded revenues by $36 million. This is expected as sales tax revenues are no longer being collected under the 2005 program.

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 the fiscal year 2012, the 2009 Sales Tax Fund reported a fund balance of $254.2 million. Revenues exceeded expenditures by $67.8 million. Sales tax revenues will be collected under the 2009 program until April 2014.

The Debt Service Fund has a total fund balance of $28.9 million as of December 31, 2012, all of which is restricted for the payment of debt service.

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 the year amounted to $181,401,000. This represents an increase of $32,322,000 in unrestricted net position from the end of the previous year. The total growth in net position was $44,938,000. Other factors concerning the finances of this fund have already been addressed in the discussion of business-type activities.

General Fund Budgetary Highlights

The original fiscal year 2012 budget was adopted for the General Fund with a $1.6 million revenue reserve, the amount of the estimated 90-day job vacancy savings, and no use of fund balance. As of December 31, 2012, the actual 90-day job vacancy savings in the General Fund was approximately $5.2 million, and there was no use of fund balance.

Differences between the original budget and the final amended budget amount to a net increase in budgeted expenditures and transfers out of $38,581,316 and can be summarized as follows:

- Increase of $9 million in salaries and benefits due to an additional $10 million contribution to the Defined Benefit Pension Plan and a $4 million transfer to the Group Self-Insurance Fund, offset by $5 million in savings from the 90-day vacancy savings program.
- Increase of $10 million in contributions to capital projects
- Increase of $3 million for Other Post-Employment Benefit transfers
- Increase of $11 million for payments to cities as a result of the service delivery strategy litigation settlement
- Increase of $10 million in contributions to the Risk Management Fund
- Decrease of $5 million for indirect cost allocation reclassifications

General Fund Actual Expenditures versus Budget Highlights

Actual revenues were $20,975,000 above budget. Taxes exceeded budget by $20,287,000. This was primarily due to a higher than anticipated 2012 net certified digest as well as the year-end collection rate for property tax of approximately 96.7 percent, the highest rate since 2004.

Actual expenditures were $15,838,000 below budget, primarily due to vacancies extending beyond the 90-day period and efforts to spend conservatively.

Capital Assets

Capital assets: The County's investment in capital assets for its governmental and business-type activities as of December 31, 2012, amounts to $6,091,949,000 (net of accumulated depreciation). This investment in capital assets includes 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	
	2012	2011	2012	2011	2012	2011
Land	$ 641,904	$ 634,913	$ 72,811	$ 73,088	$ 714,715	$ 708,001
Improvements	304,308	286,709	2,427,550	2,446,438	2,731,858	2,733,147
Buildings	541,059	547,842	663,125	559,395	1,204,184	1,107,237
Equipment	57,247	57,791	259,759	204,609	317,006	262,400
Vehicles	32,385	35,291	20,044	25,415	52,429	60,706
Infrastructure (roads, bridges and sidewalks)	761,109	757,840	652	659	761,761	758,499
Construction in progress	123,164	104,159	186,832	332,438	309,996	436,597
Total	$ 2,461,176	$ 2,424,545	$ 3,630,773	$ 3,642,042	$ 6,091,949	$ 6,066,587

Total capital assets for governmental activities for 2012 totaled $2,461,176,000, which is an increase of $36.6 million or 1.5 percent over 2011. The total of governmental assets transferred from construction in progress to the asset records during the year totaled approximately $84 million. Major projects consisted of the following:

- Sugarloaf Parkway at University Parkway/SR 316: $8,542,202
- Bryson Park: $8,509,670
- Harbins Community Park (Phase II): $5,645,095
- Police Headquarters Improvement: $4,451,614
- Sugarloaf Parkway Extension: $4,241,946

Total capital assets for business-type activities for 2012 totaled $3,630,773,000, which is a decrease of $11.3 million or less than 1.0 percent less than 2011. The total of business-type assets that were transferred from construction in progress to the asset records during the year totaled approximately $243 million. Major projects consisted of the following:

- Yellow River Water Reclamation Facility Improvements: $165,891,535
- Crooked Creek Water Reclamation Facility Improvements: $42,017,145
- Reuse Pipeline/Diffuser Lanier Water Reclamation: $12,306,391
- Drainage Improvements: $11,908,675
- Distribution System Rehabilitation: $5,929,032

Additional information on the County's capital assets can be found in ***Note 7*** on pages 75 – 77 of this report.

Debt Administration

Long-Term Debt: At the end of the current fiscal year, the County had total bonded debt outstanding of $46,385,000 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 $922,265,000 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 Sewer Revenue Bonds, the County would be required to pay the principal and interest on those bonds should operating revenues not be adequate. There has never been an occasion when operating revenues have not been sufficient to cover all such payments.

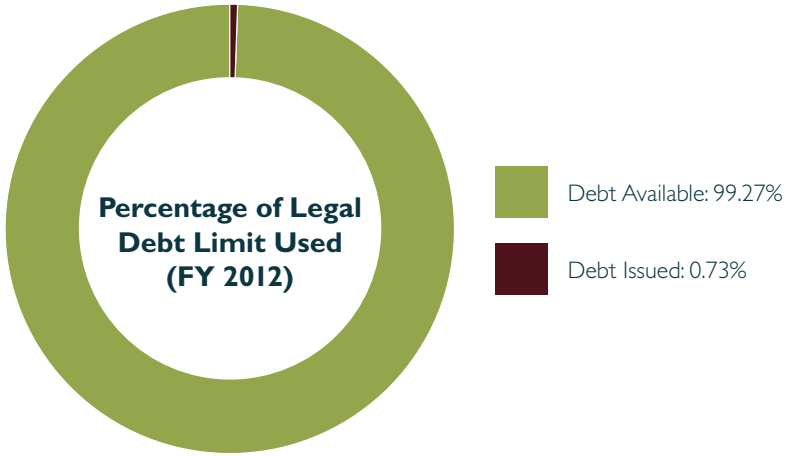
Gwinnett County's Outstanding Debt
General Obligation and Revenue Bonds
(in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
General obligation bonds	$ 46,385	$ 51,595	$ –	$ –	$ 46,385	$ 51,595
Revenue bonds	–	–	922,265	969,515	922,265	969,515
Total	$ 46,385	$ 51,595	$ 922,265	$ 969,515	$ 968,650	$ 1,021,110

The County's total long-term bonds decreased by $52,460,000 during the current fiscal year due primarily to principal payments as well as a General Obligation Bond refunding that took place in 2012.

The County maintains an 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 78 – 84 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's net outstanding general obligation debt is $17,493,000, which is significantly below the current debt limitation of $2,387,141,000.



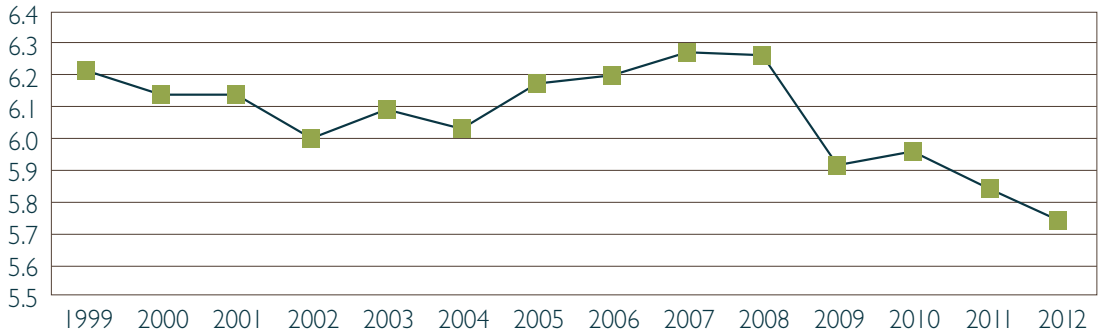
Economic Factors and Next Year's Budgets and Rates

In today's challenging economic landscape, many residents and businesses are facing difficult financial times. The County is also experiencing financial challenges due to the decline in the ad valorem tax digest, which represents a decrease in revenue needed to fund services. After many years of a growing property tax digest, the digest began to decline in 2009 and is expected to continue declining through 2013. Property taxes account for 81.7 percent of revenues in the General Fund and 33.1 percent of revenues across all operating funds. Overall, with a projected drop of 1.9 percent in 2013, the digest will have declined just over 20 percent, or $7 billion, since 2008.

Gwinnett County's population growth, taken in combination with less funding and fewer employees, creates an additional challenge. While Personal Services represents a large portion of the County's operating budget, the ratio of authorized positions to population continues to be lower than it was 14 years ago and has declined significantly since 2008. Even as the economy slowed, the County's population continued to increase. Every year the County added thousands of new residents, therefore the demand for services and facilities grew at the same time revenues were dropping. This presents the challenges of maintaining the same level of services with fewer employees and less funding for other operational costs.

Ratio of Authorized Positions Per 1,000 Population

Sources: Gwinnett County Department of Human Resources and U.S. Census. 2012 population estimate from Moody's Analytics Forecast.



Economists are predicting a stronger economy in 2013, however economic uncertainty is expected to remain for at least the first half of the year. Experts at Kiplinger predict that Gross Domestic Product (GDP) growth in the first quarter is likely to be low (around 1 percent) as financial concerns in Europe and slow growth in China hinders export demand. The economy is expected to experience some relief in the second half of 2013. Most economists are forecasting a GDP growth rate between 2 and 3 percent for the year. Factors contributing to the economic rebound include higher consumer confidence, an improving housing market, and declining unemployment rates.

The U.S. housing market began to see signs of a rebound in the latter half of 2012. In September 2012, U.S. housing starts increased 15 percent, which was the highest level since 2008. Similarly, Gwinnett County experienced a 60 percent increase in residential building permits issued in 2012 over 2011, which is an indication of the County's possible movement toward economic recovery. The number of building permits issued in the County reached its highest level since before 2008.

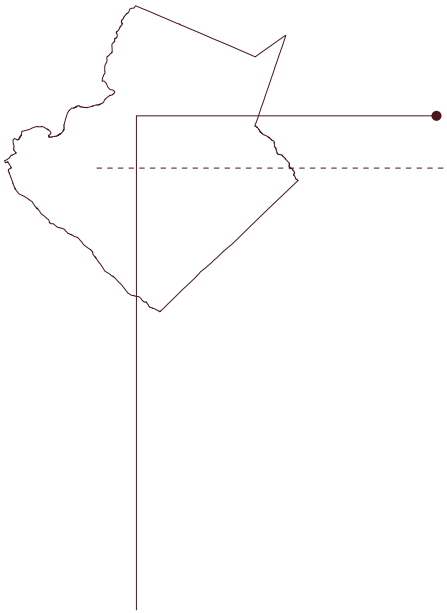
The local job market in Gwinnett County has remained relatively strong in comparison to other counties in the metro Atlanta area and the nation as a whole. In October 2012, Gwinnett County experienced its 40th consecutive month with the lowest unemployment rate in the metro Atlanta area. At the same time, the County achieved its 40th month with an unemployment rate at or below the national average.

The 2013 budget has been developed within the framework of the County's five-year financial plan. The total budget, including capital funds, is $1,463,496,872. The operating budget is $1,058,766,782, and the capital budget is $404,730,090. The 2014 – 2018 Capital Plan is $995,333,825. The prevailing themes that emerged during the 2013 budget planning process were: planning for a projected reduction in revenue due to a decline in the property tax digest, creating new service districts, preserving core services, continuing the comprehensive five-year financial review process, and maintaining fund balance reserves. The 2013 budget provides funding to handle the implementation of state legislation including tax reform and judicial reform, but very little else in the way of improvements could be funded. Pay raises for county employees are not included in the budget, and the County will continue a policy of holding vacant positions unfilled for at least 90 days.

As previously mentioned, the new service districts change the way property owners will pay for county-provided services. Starting in 2013, the Gwinnett County property tax bill will reflect millage rates based on where a property is located and what services are provided by county government. In other words, a dedicated millage rate will be paid by the residents who benefit from specific county-provided services.

Requests for Information

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



basic financial statements

Governmentwide Financial Statements
Fund Financial Statements

Statement of Net Position
December 31, 2012
(in thousands of dollars)

	Primary Government			
	Governmental Activities	Business–type Activities	Total	Component Units
ASSETS:				
Cash and cash equivalents	$ 349,024	198,169	547,193	17,148
Investments	379,923	21,001	400,924	–
Receivables, net of allowance	33,997	32,046	66,043	406
Internal balances	(4,829)	4,829	–	–
Due from other governments	46,380	–	46,380	592
Due from primary government	–	–	–	1,967
Inventories	2,440	3,496	5,936	–
Prepaid items	4,926	3,626	8,552	–
Net pension asset	141,057	–	141,057	–
Net OPEB asset	29,783	–	29,783	–
Lease receivable from primary government	–	–	–	92,580
Noncurrent investments	–	27,118	27,118	–
Restricted assets:				
Cash and cash equivalents	–	42,177	42,177	–
Other assets	–	711	711	–
Capital assets:				
Land and construction in progress	765,068	259,643	1,024,711	–
Other capital assets, net of depreciation	1,696,108	3,371,130	5,067,238	822
Total assets	3,443,877	3,963,946	7,407,823	113,515
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred charge on refunding of bonds	630	19,796	20,426	324
Total deferred outflows of resources	630	19,796	20,426	324
LIABILITIES:				
Current liabilities:				
Accounts payable	34,734	26,314	61,048	2,634
Retainage payable	–	2,231	2,231	–
Other accrued payables	7,175	1,329	8,504	365
Customer deposits	–	3,940	3,940	–
Accrued interest payable	1,966	16,785	18,751	–
Due to others	856	11	867	–
Due to other governments	–	–	–	3
Unearned revenue	13	41,693	41,706	45
Noncurrent liabilities:				
Due within one year	20,569	60,719	81,288	2,979
Due in more than one year	149,886	955,638	1,105,524	96,710
Total liabilities	215,199	1,108,660	1,323,859	102,736
NET POSITION:				
Net investment in capital assets	2,320,301	2,614,293	4,934,594	811
Restricted for:				
Capital projects	292,897	–	292,897	–
Debt service	29,122	25,392	54,514	–
Special programs	76,081	–	76,081	–
Health programs	–	–	–	5,933
Unrestricted	510,907	235,397	746,304	4,359
Total net position	$ 3,229,308	2,875,082	6,104,390	11,103

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

Statement of Activities
Year Ended December 31, 2012
(in thousands of dollars)

Functions/Programs		Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units
Primary government:									
Governmental activities:									
General government	$	57,690	8,751	1,160	746	(47,033)	–	(47,033)	–
Public safety		216,808	32,902	1,084	7,453	(175,369)	–	(175,369)	–
Judiciary		129,590	32,087	2,804	–	(94,699)	–	(94,699)	–
Public works		79,129	6,387	2,897	22,663	(47,182)	–	(47,182)	–
Health and welfare		7,081	23	635	–	(6,423)	–	(6,423)	–
Culture and recreation		67,090	4,547	487	678	(61,378)	–	(61,378)	–
Housing and development		18,908	8,457	7,007	1,313	(2,131)	–	(2,131)	–
Tourism		2,069	–	–	–	(2,069)	–	(2,069)	–
Development authority		4,947	–	–	–	(4,947)	–	(4,947)	–
Interest on long-term debt		1,921	–	–	–	(1,921)	–	(1,921)	–
Total governmental activities		585,233	93,154	16,074	32,853	(443,152)	–	(443,152)	–
Business-type activities:									
Water and sewer		236,249	271,289	–	13,968	–	49,008	49,008	–
Airport		1,150	903	–	43	–	(204)	(204)	–
Solid waste		39,210	41,929	–	–	–	2,719	2,719	–
Stormwater		27,126	30,863	119	–	–	3,856	3,856	–
Transit		18,486	4,845	5,827	198	–	(7,616)	(7,616)	–
Total business-type activities		322,221	349,829	5,946	14,209	–	47,763	47,763	–
Total primary government	$	907,454	442,983	22,020	47,062	(443,152)	47,763	(395,389)	–
Component units	$	46,790	6,841	16,982	320	–	–	–	(22,647)
General revenues:									
Property taxes						324,081	–	324,081	–
Sales taxes						142,571	–	142,571	–
Hotel motel taxes						6,699	–	6,699	–
Insurance premium tax						30,256	–	30,256	–
Business taxes						19,901	–	19,901	–
Other taxes						7,207	–	7,207	–
Lease interest income – development authority						–	–	–	4,891
Intergovernmental revenue from primary government, not restricted for specific programs						–	–	–	16,118
Intergovernmental revenue from State of Georgia not restricted for specific programs						–	–	–	724
Investment income						1,246	803	2,049	6
Miscellaneous						10,260	–	10,260	–
Total general revenues						542,221	803	543,024	21,739
Special items:									
Health department prior year payables cancelled						–	–	–	54
Health department increase in net equipment						–	–	–	102
Transfers						(3,992)	3,992	–	–
Total general revenues, special items, and transfers						538,229	4,795	543,024	21,895
Change in net position						95,077	52,558	147,635	(752)
Net position – beginning, as restated						3,134,231	2,822,524	5,956,755	11,855
Net position – ending					$	3,229,308	2,875,082	6,104,390	11,103

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

Governmental Funds Balance Sheet December 31, 2012

(in thousands of dollars)

	General	Other Capital Projects	2005 Sales Tax	2009 Sales Tax	Other Governmental Funds	Total
ASSETS:						
Cash and cash equivalents	$ 17,934	61,943	–	126,065	82,906	288,848
Investments	160,222	18,745	44,172	117,251	20,550	360,940
Receivables, net of allowance:						
Taxes	11,815	–	–	–	1,511	13,326
Accounts	6,247	187	9,774	1,058	634	17,900
Due from other governments	27,985	–	86	14,542	3,767	46,380
Due from other funds	–	65	–	11,484	–	11,549
Inventories	1,459	–	–	–	237	1,696
Prepaid items	773	1	–	12	48	834
Total assets	$ 226,435	80,941	54,032	270,412	109,653	741,473
LIABILITIES:						
Accounts payable	$ 3,953	2,097	2,463	11,584	3,528	23,625
Payroll payable	6,491	–	–	2	514	7,007
Retainage payable	–	36	1,240	4,606	43	5,925
Other accrued	–	–	100	68	–	168
Due to others	755	88	–	–	–	843
Due to other funds	–	–	11,484	–	65	11,549
Total liabilities	11,199	2,221	15,287	16,260	4,150	49,117
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue	40,865	–	–	–	1,231	42,096
Total deferred inflows of resources	40,865	–	–	–	1,231	42,096
FUND BALANCES:						
Nonspendable	2,232	1	–	12	285	2,530
Restricted	–	–	38,745	254,140	103,925	396,810
Committed	–	–	–	–	62	62
Assigned	42,636	78,719	–	–	–	121,355
Unassigned	129,503	–	–	–	–	129,503
Total fund balance	174,371	78,720	38,745	254,152	104,272	650,260
Total liabilities, deferred inflows of resources and fund balances	$ 226,435	80,941	54,032	270,412	109,653	741,473

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

Reconciliation of the Balance Sheet to the Statement of Net Position Governmental Activities December 31, 2012

(in thousands of dollars)

Amounts reported for governmental activities in the statement of net position are different because:		
Fund balances – total governmental funds		$ 650,260
Net pension asset is not recorded on the fund financial statements.		141,057
Net OPEB asset is not recorded on the fund financial statements.		29,783
Capital assets are not reported in fund statements:		
Capital assets used in government activities are not financial resources and therefore are not reported in the government funds.	$ 2,461,126	
Capital assets used in internal service funds are reported in the governmental activities column of the governmentwide statement of net position.	50	
		2,461,176
Deferred outflow – deferred losses on bond refunding are not financial resources and therefore are not reported in the governmental funds.		630
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	(46,385)	
Premiums	(2,540)	
Lease payable to component unit	(92,580)	
Accrued leave	(17,276)	
Estimated claims payable	(11,674)	
		(170,455)
Revenue deferred in the governmental funds due to availability criteria is susceptible to full accrual on the governmentwide statements.		
Property tax	10,156	
Insurance premium tax	27,992	
Public safety – EMS	3,698	
Special assessments	250	
		42,096
Interest payable on capital lease to component unit is not accrued in the fund statements.		(1,966)
Internal service funds are used to charge the cost of administrative support, group insurance, risk management and fleet management 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	67,884	
Less capital assets already accounted for above	(50)	
Plus accrued leave already accounted for above	2,048	
Plus claims payable already accounted for above	11,674	
Less amount due to enterprise funds	(4,829)	
		76,727
Net position of governmental activities		$ 3,229,308

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

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances Year Ended December 31, 2012

(in thousands of dollars)

	General	Other Capital Projects	2001 Sales Tax	2005 Sales Tax	2009 Sales Tax	Other Governmental Funds	Total
REVENUES:							
Taxes	$ 357,049	–	–	–	142,571	39,724	539,344
Permits and licenses	8,009	–	–	–	–	–	8,009
Intergovernmental	3,089	14	–	15,530	12,858	14,236	45,727
Charges for services	43,015	–	–	–	3	24,107	67,125
Fines and forfeitures	14,090	86	–	–	–	1,833	16,009
Investment income	1,045	3	69	1,683	1,759	264	4,823
Change in fair market value of investments	(170)	(118)	(58)	(1,062)	(67)	–	(1,475)
Miscellaneous	2,416	876	18	234	103	6,542	10,189
Total revenues	428,543	861	29	16,385	157,227	86,706	689,751
EXPENDITURES:							
Current operating:							
General government	36,577	–	–	–	–	–	36,577
Public safety	182,431	–	–	–	–	14,486	196,917
Judiciary	128,195	–	–	–	–	1,435	129,630
Public works	14,496	–	–	–	–	6,760	21,256
Health and welfare	6,787	–	–	–	–	–	6,787
Culture and recreation	17,507	–	–	–	–	25,508	43,015
Housing and development	8,703	–	–	–	–	–	8,703
Tourism	–	–	–	–	–	2,069	2,069
Development authority	–	–	–	–	–	7,097	7,097
Grant programs	–	–	–	–	–	12,919	12,919
Capital outlay	107	16,120	–	47,630	74,655	2,641	141,153
Debt service	–	–	–	–	–	5,478	5,478
Intergovermental	10,336	–	–	–	22,604	2,955	35,895
Total expenditures	405,139	16,120	–	47,630	97,259	81,348	647,496
Revenues in excess of (less than) expenditures	23,404	(15,259)	29	(31,245)	59,968	5,358	42,255
OTHER FINANCING SOURCES (USES):							
Transfers in	260	18,486	–	240	7,829	1,058	27,873
Transfers out	(21,147)	–	(2,829)	(5,000)	–	(1,805)	(30,781)
Refunding bonds issued:							
Principal	–	–	–	–	–	22,555	22,555
Premium	–	–	–	–	–	2,562	2,562
Payment to refunded bond escrow agent	–	–	–	–	–	(24,818)	(24,818)
Other financing sources (uses), net	(20,887)	18,486	(2,829)	(4,760)	7,829	(448)	(2,609)
Net change in fund balances	2,517	3,227	(2,800)	(36,005)	67,797	4,910	39,646
Fund balances – January 1	171,854	75,493	2,800	74,750	186,355	99,362	610,614
Fund balances – December 31	$ 174,371	78,720	–	38,745	254,152	104,272	650,260

The notes to the 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 Statement of Activities
Year Ended December 31, 2012
(in thousands of dollars)

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances – total governmental funds		$ 39,646
Capital outlays reported in the governmental funds exceed depreciation expense recorded in the statement of activities as follows:		
Capital expenditures – general	$ 141,153	
Capital expenditures reclassed as expense	(29,364)	
Depreciation expense – general capital assets	(76,263)	
Adjustment		35,526
Contributions of capital assets are not recorded in governmental funds.		1,652
The loss on disposition of capital assets is not reported in the fund statements.		(553)
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.		3,380
The current year's increase to the net pension asset decreases net expenses of pensionable functions on the governmentwide statements.		11,704
The current year's increase in the net OPEB asset decreases net expenses of the functions on the governmentwide statements.		1,660
Accounting loss on defeasance of debt and premium on bonds payable are reported in other financing sources or uses on the fund statements, but are recorded as deferred outflows or premiums on the accrual based governmentwide statements and amortized as follows:		
Amortization of deferred loss of bond refunding		(38)
Amortization of deferred premium (discount) on bonds		190
Accrued interest payable is not included on the fund financial statements.		25
Lease payments to the Development Authority are reported as an expenditure in the fund statement and as a reduction of the lease payable in the governmentwide statements.		2,150
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.		7,159
Accrued expenses related to compensated absences are not reported in the fund statements.		(811)
Some revenue earned is deferred in the governmental funds due to availability criteria.		(6,613)
Change in net position of governmental activities		$ 95,077

The notes to the 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, 2012

(in thousands of dollars)

	Original Budget	Final Budget	Actual (non–GAAP budget basis)	Variance–positive (negative)
REVENUES:				
Taxes	$ 321,330	336,762	357,049	20,287
Permits and licenses	7,411	7,662	8,009	347
Intergovernmental	2,767	2,772	3,089	317
Charges for service	48,350	43,629	43,015	(614)
Fines and forfeitures	14,181	14,192	14,090	(102)
Investment income	153	303	1,045	742
Miscellaneous	1,581	2,418	2,416	(2)
Total revenues	395,773	407,738	428,713	20,975
EXPENDITURES:				
Current operating:				
General government:				
County administrator	1,063	1,093	1,041	52
Financial services	8,529	8,545	8,289	256
Tax commissioner	10,921	10,970	10,643	327
Total general government	20,513	20,608	19,973	635
Public safety:				
Police services	84,256	87,886	86,478	1,408
Correctional services	13,015	13,471	12,973	498
Fire and emergency services	79,433	82,305	81,435	870
Total public safety	176,704	183,662	180,886	2,776
Judiciary:				
Courts	33,655	40,190	39,380	810
District attorney	9,501	9,632	9,593	39
Probation	9	9	9	–
Sheriff	70,892	72,248	70,366	1,882
Solicitor	4,254	4,274	3,847	427
Recorder's	1,568	1,667	1,646	21
Total judiciary	119,879	128,020	124,841	3,179
Public works	16,094	15,718	14,087	1,631
Health and welfare:				
Physical health	1,490	1,490	1,490	–
Indigent medical care	225	225	225	–
Various subsidized agencies	1,968	2,021	2,021	–
General community services	11,789	10,149	8,887	1,262
Total health and welfare	15,472	13,885	12,623	1,262
Culture and recreation:				
Library	16,906	16,906	16,785	121
Total culture and recreation	16,906	16,906	16,785	121
Housing and development:				
Planning and development	8,550	7,767	6,713	1,054
Total housing and development	8,550	7,767	6,713	1,054
Miscellaneous	19,113	34,411	29,231	5,180
Total expenditures	393,231	420,977	405,139	15,838
Revenues in excess of (less than) expenditures	2,542	(13,239)	23,574	36,813
OTHER FINANCING SOURCES (USES):				
Transfers in	6,165	165	260	95
Transfers out	(10,312)	(21,147)	(21,147)	–
Other financing sources (uses), net	(4,147)	(20,982)	(20,887)	95
Revenues and other financing sources less than expenditures and other financing uses	(1,605)	(34,221)	2,687	36,908
Fund balance allocation	1,605	34,221	–	(34,221)
Fund balance – January 1	–	–	171,850	171,850
Fund balance – December 31	$ –	–	174,537	174,537

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

Proprietary Funds
Statement of Net Position
December 31, 2012
(in thousands of dollars)

	Enterprise Funds				
	Water and Sewerage	Storm-water	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS:					
Current assets:					
Cash and cash equivalents	$ 116,685	32,857	48,627	198,169	60,176
Investments	12,001	–	9,000	21,001	18,983
Accounts receivable, net of allowance	28,441	1,581	2,024	32,046	2,771
Inventories	3,480	16	–	3,496	744
Prepaid items	3,626	–	–	3,626	4,092
Restricted cash and cash equivalents	42,177	–	–	42,177	–
Other assets	711	–	–	711	–
Total current assets	207,121	34,454	59,651	301,226	86,766
Noncurrent assets:					
Investments	22,000	2,000	3,118	27,118	–
Land and construction in progress	237,139	7,799	14,705	259,643	–
Other capital assets, net of depreciation	2,928,849	411,927	30,354	3,371,130	50
Total noncurrent assets	3,187,988	421,726	48,177	3,657,891	50
Total assets	3,395,109	456,180	107,828	3,959,117	86,816
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred charge on refunding of bonds	19,796	–	–	19,796	–
Total deferred outflows of resources	19,796	–	–	19,796	–
LIABILITIES:					
Current liabilities:					
Accounts payable	18,333	2,321	5,660	26,314	5,184
Payroll payable	1,126	172	31	1,329	–
Retainage payable	2,220	11	–	2,231	–
Accumulated leave benefits – current	1,101	142	38	1,281	1,136
Estimated claims payable – current	–	–	–	–	4,214
Customer deposits	3,718	222	–	3,940	–
Accrued interest payable – from restricted assets	16,785	–	–	16,785	–
Due to others	–	–	11	11	13
Notes payable – current	2,192	211	–	2,403	–
Revenue bonds payable – current – from restricted assets	57,035	–	–	57,035	–
Unearned revenue	363	–	41,330	41,693	13
Total current liabilities	102,873	3,079	47,070	153,022	10,560
Noncurrent liabilities:					
Accumulated leave benefits	697	100	29	826	912
Estimated claims payable	–	–	–	–	7,460
Notes payable	45,466	4,881	–	50,347	–
Revenue bonds payable	904,465	–	–	904,465	–
Total noncurrent liabilities	950,628	4,981	29	955,638	8,372
Total liabilities	1,053,501	8,060	47,099	1,108,660	18,932
NET POSITION:					
Net investment in capital assets	2,154,611	414,623	45,059	2,614,293	50
Restricted for debt service	25,392	–	–	25,392	–
Unrestricted	181,401	33,497	15,670	230,568	67,834
Total net position	$ 2,361,404	448,120	60,729	2,870,253	67,884
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds				4,829	
Net position of business type activities				$ 2,875,082	

The notes to the 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, 2012

(in thousands of dollars)

	Enterprise Funds				
	Water and Sewerage	Storm Water	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES:					
Residential and commercial service	$ 259,042	–	–	259,042	–
Wholesale service	5,347	–	–	5,347	–
Public fire protection charges	665	–	–	665	–
Connection charges	650	–	–	650	–
Operating lease income and rental income from individual hangars	–	–	872	872	–
Charges to other funds	–	–	–	–	110,178
Employee contributions	–	–	–	–	5,498
Intergovernmental	586	119	6,068	6,773	–
User fees and charges	–	30,741	46,624	77,365	–
Miscellaneous	5,585	122	154	5,861	2,435
Total operating revenues	271,875	30,982	53,718	356,575	118,111
OPERATING EXPENSES:					
Water production	14,516	–	–	14,516	–
Distribution and collection	28,011	–	–	28,011	–
Engineering	4,771	–	–	4,771	–
Reclamation	30,755	–	–	30,755	–
Vehicle maintenance and repair	–	–	–	–	867
Benefit claims	–	–	–	–	21,104
Insurance premiums	–	–	–	–	24,946
Depreciation and amortization	66,784	16,289	4,158	87,231	10
Transit operations	–	–	14,333	14,333	–
General and administrative	31,521	9,556	40,770	81,847	57,519
Total operating expenses	176,358	25,845	59,261	261,464	104,446
Operating income (loss)	95,517	5,137	(5,543)	95,111	13,665
NON-OPERATING REVENUES (EXPENSES):					
Interest income	591	53	215	859	248
Investment income (loss)	(35)	–	(21)	(56)	(26)
Interest expense	(42,843)	(156)	–	(42,999)	–
Loss on disposal of capital assets	(21,576)	(1,802)	(934)	(24,312)	–
Total non-operating revenues (expenses)	(63,863)	(1,905)	(740)	(66,508)	222
Income (loss) before transfers and contributions	31,654	3,232	(6,283)	28,603	13,887
Capital contributions	13,449	870	–	14,319	–
Transfers in	–	20	3,200	3,220	–
Transfers out	(165)	–	–	(165)	(147)
Change in net position	44,938	4,122	(3,083)	45,977	13,740
Net position – January 1, as restated	2,316,466	443,998	63,812		54,144
Net position – December 31	$ 2,361,404	448,120	60,729		67,884
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds				6,581	
Change in net position of business-type activities				$ 52,558	

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

Proprietary Funds
Statement of Cash Flows
Year Ended December 31, 2012
(in thousands of dollars)

	Enterprise Funds				
	Water and Sewerage	Storm-water	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	$ 270,813	31,317	54,992	357,122	116,918
Cash payments to suppliers for goods and services	(71,243)	(5,597)	(53,843)	(130,683)	(30,381)
Cash payments to employees for services	(43,788)	(4,437)	(1,626)	(49,851)	(29,367)
Claims and premiums paid	–	–	–	–	(44,733)
Net cash flows provided/(required) by operating activities	155,782	21,283	(477)	176,588	12,437
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers from other funds	–	20	3,200	3,220	–
Transfers (to) other funds	(165)	–	–	(165)	(147)
Net cash provided/(required) by noncapital activities	(165)	20	3,200	3,055	(147)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(82,471)	(17,152)	(556)	(100,179)	(17)
Proceeds from notes payable	25	–	–	25	–
Proceeds from sale of capital assets	1,547	6	75	1,628	–
Principal payments – revenue bonds	(47,250)	–	–	(47,250)	–
Principal payments – notes payable	(2,172)	(206)	–	(2,378)	–
Interest paid	(43,700)	(156)	–	(43,856)	–
Capital contributed by others	10,161	–	–	10,161	–
Payments of contract retention	(3,133)	–	–	(3,133)	–
Contract retainage withheld	3,424	–	–	3,424	–
Net cash provided/(required) by capital and related financing activities	(163,569)	(17,508)	(481)	(181,558)	(17)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Sale of investments	69,500	–	25,517	95,017	4,512
Purchase of investments	(49,000)	(2,000)	(3,100)	(54,100)	–
Interest on investments	591	53	215	859	248
Net cash provided/(required) by investing activities	21,091	(1,947)	22,632	41,776	4,760
Net increase in cash and cash equivalents	13,139	1,848	24,874	39,861	17,033
Cash and cash equivalents at beginning of year	145,723	31,009	23,753	200,485	43,143
Cash and cash equivalents at end of year	$ 158,862	32,857	48,627	240,346	60,176
Reconciliation of operating income to net cash provided/(required) by operating activities:					
CASH FLOWS FROM OPERATING ACTIVITIES:					
Operating income (loss)	$ 95,517	5,137	(5,543)	95,111	13,665
Adjustments to reconcile operating income (loss) to net cash provided/(required) by operating activities:					
Depreciation and amortization	66,784	16,289	4,158	87,231	10
CHANGE IN ASSETS AND LIABILITIES:					
(Increase) decrease in receivables	(1,433)	335	1,290	192	(1,205)
(Increase) in inventories	(800)	(16)	–	(816)	(53)
(Increase) decrease in prepaid items	(1,325)	33	–	(1,292)	(4,077)
Increase (decrease) in payables	(3,738)	(622)	(32)	(4,392)	856
Increase (decrease) in other liabilities	291	–	(350)	(59)	3,241
Increase in unearned revenue	271	–	–	271	–
Increase in payroll payables	114	127	–	241	–
Increase in customer deposits	101	–	–	101	–
Net cash provided/(required) by operating activities	$ 155,782	21,283	(477)	176,588	12,437
Non-cash capital contributed by others	$ 3,288	870	–	4,158	–

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

Fiduciary Funds – Statement of Fiduciary Net Position December 31, 2012

(in thousands of dollars)

	Agency Funds	Pension (and Other Employee Benefit) Trust Funds
ASSETS:		
Cash and cash equivalents	$ 36,917	29,617
Investments, at fair value:		
U.S. treasury bonds	–	58,491
Asset-backed securities	–	6,658
U.S. governmental agencies	–	77,765
Commercial mortgage-backed securities	–	11,319
Futures contracts	–	92
Corporate bonds	–	72,354
Collateralized mortgage obligations	–	7,453
Corporate equities	–	332,400
International government bonds	–	4,456
Non-U.S. corporate bonds	–	1,740
International equities	–	116,519
Mutual funds invested in equities	–	40,207
Preferred stock	–	757
Global fixed income	–	47,250
Taxable municipal bonds	–	1,073
Total investments	–	778,534
Securities lending collateral investment pool	–	58,537
Contributions receivable from employer	–	473
Prepaid assets	–	4,168
Taxes receivable	24,146	–
Total assets	$ 61,063	871,329
LIABILITIES:		
Accounts payable	$ –	2,001
Liability for securities lending agreement	–	58,537
Due to others	61,063	–
Total liabilities	$ 61,063	60,538
NET POSITION:		
Net position held in trust for pension		723,656
Net position held in trust for other employee benefits		87,135
Total net position		$ 810,791

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

Pension (and Other Employee Benefit) Trust Funds Statement of Changes in Fiduciary Net Position Year Ended December 31, 2012

(in thousands of dollars)

ADDITIONS		
Contributions:		
Employer	$	72,058
Employee		13,452
Total contributions		85,510
Investment income:		
Net increase in the fair value of investments		66,950
Securities lending income		95
Interest and dividends		17,823
		84,868
Less – Investment expense		(3,220)
Securities lending expense		(17)
Net investment income		81,631
Total additions		167,141
DEDUCTIONS		
Benefits paid		52,615
Insurance premiums		5,350
Administrative expenses		1,202
Total deductions		59,167
Change in net position		107,974
Net position held in trust for pension and other employee benefits:		
Beginning of year		702,817
End of year	$	810,791

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

Component Units Combining Statement of Net Position December 31, 2012

(in thousands of dollars)

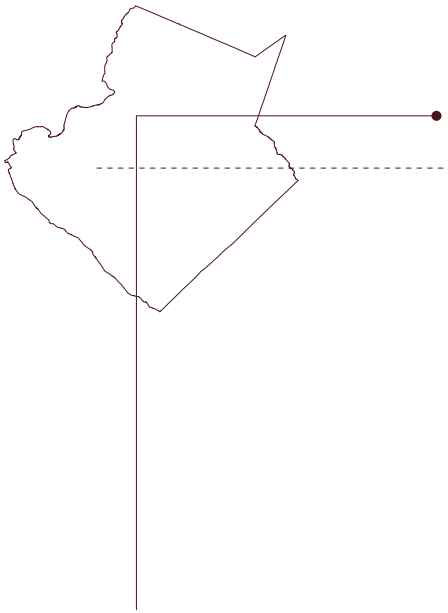
	Public Library	Development Authority	Health Department	Total
ASSETS:				
Current assets:				
Cash and cash equivalents	$ 7,134	809	9,205	17,148
Receivables, net of allowance	406	–	–	406
Lease receivable from primary government, current portion	–	2,215	–	2,215
Due from primary government	–	1,967	–	1,967
Due from other governments	6	–	586	592
Total current assets	7,546	4,991	9,791	22,328
Noncurrent assets:				
Lease receivable from primary government	–	90,365	–	90,365
Capital assets, net of depreciation	292	–	530	822
Total noncurrent assets	292	90,365	530	91,187
Total assets	7,838	95,356	10,321	113,515
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred charge on refunding of bonds	–	324	–	324
Total deferred outflows of resources	–	324	–	324
LIABILITIES:				
Current liabilities:				
Accounts payable	349	1,967	318	2,634
Unearned revenue	–	–	45	45
Due to other governments	–	–	3	3
Accrued salaries and related payments	365	–	–	365
Total current liabilities	714	1,967	366	3,047
Noncurrent liabilities:				
Due within one year	111	2,215	653	2,979
Due in more than one year	895	95,708	107	96,710
Total noncurrent liabilities	1,006	97,923	760	99,689
Total liabilities	1,720	99,890	1,126	102,736
NET POSITION:				
Net investment in capital assets	281	–	530	811
Restricted for health programs	–	–	5,933	5,933
Unrestricted	5,837	(4,210)	2,732	4,359
Total net position (deficit)	$ 6,118	(4,210)	9,195	11,103

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

Component Units
Combining Statement of Activities
Year Ended December 31, 2012
(in thousands of dollars)

		Program Revenues					
	Expenses	Charges for Services	Operating Grants and Contributions	Public Library Total	Development Authority Total	Health Department Total	Total
Public library	$ 19,390	1,483	320	(17,587)	–	–	(17,587)
Development authority	4,506	83	–	–	(4,423)	–	(4,423)
Health department	22,894	5,275	16,982	–	–	(637)	(637)
Total component units	$ 46,790	6,841	17,302	(17,587)	(4,423)	(637)	(22,647)
General Revenues:							
Lease interest income – development authority				–	4,891	–	4,891
Intergovernmental revenue from primary government, not restricted for specific programs				16,118	–	–	16,118
Intergovernmental revenue from State of Georgia, not restricted for specific programs				724	–	–	724
Investment income				1	5	–	6
Special items for health department:							
Prior year payables cancelled				–	–	54	54
Increase in net equipment				–	–	102	102
Total general revenues				16,843	4,896	156	21,895
Change in net position				(744)	473	(481)	(752)
Net position (deficit) – beginning, as restated				6,862	(4,683)	9,676	11,855
Net position (deficit) – ending				$ 6,118	(4,210)	9,195	11,103

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



notes to the financial statements

Notes to the Financial Statements

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Note 1.

Summary of Significant Accounting Policies

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

A. Reporting entity

The County operates under a Commission-County Administrator form of government. As required by GAAP, the financial statements of the reporting entity include those of the County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationships with the County. In conformity with GAAP, as set forth in the Statement of Governmental Accounting Standards No. 14, "The Financial Reporting Entity," 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. At December 31, 2012, the authority had no assets, liabilities, or fund equity. In addition, during 2012, 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. At December 31, 2012, the authority had no assets, liabilities, or fund equity. In addition, during 2012, the authority had no revenues or expenses.

The **Water and Sewerage Authority,** consisting of a five-member board, is appointed by the governing authority of the County. The Water and Sewerage Authority provides a means to issue revenue bonds for water and sewer facilities. Although it is legally separate from the County, the Water and Sewerage Authority is reported as if it were a part of the primary government because its sole purpose is to finance, construct, equip, and expand County water treatment and transmission facilities.

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 acquire, construct, expand, improve, and maintain stormwater management systems and facilities for the County. At December 31, 2012, the authority had no assets, liabilities, or fund equity. In addition, during 2012, 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. At December 31, 2012, the authority had no assets, liabilities, or fund equity. In addition, during 2012, the authority had no revenues or expenses.

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 Unit:

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 June 30. The financial information presented for this discretely presented component unit is as of June 30, 2012.

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. 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. 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 Gwinnett Center. The County has pledged hotel/motel tax revenues to the Development Authority to satisfy the lease payments for both of these issues in an amount equal to the required debt service of the bonds. In 2008, the Development Authority issued revenue bonds to build the Gwinnett baseball stadium and a recycling center. The recycling bonds were cash-defeased in 2010 (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 Statement No. 14. 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 7 percent of the board's revenues during its fiscal year ended June 30, 2012. 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 County does not prepare the financial statements of the Board of Health, and the Board of Health engages other auditors to perform an audit of its financial records. Complete financial statements of the Gwinnett County Health Department may be obtained at the following address:

District 3-4 Accounting Office
P.O. Box 897
Lawrenceville, GA 30046

Related Organizations

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

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

Joint Venture

The **Atlanta Regional Commission** (the "ARC") is considered a joint venture based upon the criteria in GASB Statement No. 14. Under Georgia law, the County, in conjunction with other cities and counties in the 10-county metropolitan Atlanta, Georgia, area, is a member of the ARC. Membership in a Regional Commission (RC) is required by *O.C.G.A. §50–8–34,* which provides for the organization structure of the RC in Georgia. The County paid dues in the amount of $816,100 to the ARC for the year ended December 31, 2012. 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 a 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source. For 2012, the County has recorded a $28 million receivable and unavailable revenue for insurance premium tax due from the state of Georgia for taxes collected in 2012, which will be paid to the County in 2013. The County has recorded a $10.2 million receivable and unavailable revenue for property taxes levied in 2012 and prior years, but expected to be collected in 2013 (adjusted for an allowance for doubtful accounts). The County also recorded a $3.7 million receivable and unavailable revenue for emergency medical services for services provided in 2012, but expected to be collected in 2013 (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. GASB Statement No. 34 also requires, as supplementary information, Management's Discussion and Analysis which includes an analytical overview of the County's financial activities.

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 **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 **2001 Sales Tax Fund** accounts for the financial resources provided from the 2001 one percent Special Purpose Local Option Sales Tax. Such resources are to be used for libraries, parks and recreation, public safety, and transportation projects.

The **2005 Sales Tax Fund** accounts for the financial resources provided from the 2005 one percent Special Purpose Local Option Sales Tax. Such resources are to be used for libraries, parks and recreation, public safety, and transportation projects.

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

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 distribution system.

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 Group Self-Insurance, Risk Management, Automotive Management, Auto Liability, and Administrative Support.

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 Tax Commissioner, Clerk of Courts, Recorder's Court, Sheriff, Probate Court, Juvenile Court, and Corrections. Agency Funds are accounted for on the accrual basis of accounting and are used to account for assets held by the government as an agent for individuals, private organizations, and other governments.

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. Investments are carried at fair value, which is based on quoted market 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 market value as interest rates fluctuate. Securities with more than a small amount of market risk are held almost exclusively as investment of capital funds to be used for projects with long construction schedules.

Operating funds are currently invested in the Georgia Fund–1 Liquidity Pool; certificates of deposit of short duration; US government agency securities; held in non-interest bearing checking accounts insured by the Federal Deposit Insurance Corporation (FDIC); or maintained in fully collateralized, interest-bearing demand deposit, savings, and public funds money market accounts with financial institutions. The Georgia Fund–1 operates as a stable Net Asset Value (NAV) money market fund and is rated AAAf by Standard and Poor's. Although this pool is not registered with the Securities and Exchange Commission, the Georgia Fund–1 is operated in a manner consistent with the SEC's *Rule 2a7 of the Investment Company Act of 1940.* The Georgia Fund–1 is managed under the policies included in Georgia Law *O.C.G.A. §36–83–1* and *§36–83–8.* The reported value of the Georgia Fund–1 is the same as the fair value of the pool shares. *(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 in 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 based on quoted market prices.

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 major fund balance sheets, 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 assets. 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, such as firearms, are capitalized for control purposes.

Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation.

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

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the Water and Sewerage Fund is included as part of the capitalized value of the assets. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until completion of the project) with interest earned on investment proceeds over the same period. There was no capitalizable interest in 2012.

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 represents 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 has one item that qualifies for reporting in this category – the deferred charge on refunding reported in the enterprise funds and governmentwide statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is no longer reported net of debt and is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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	Non-major governmental	Total
Property taxes	$ 9,175	$ 981	$ 10,156
Insurance premium taxes	27,992	–	27,992
Emergency medical services	3,698	–	3,698
Special assessments	–	250	250
Total	$ 40,865	$ 1,231	$ 42,096

K. Compensated Absences

The liability for accumulated unpaid vacation pay, as well as other salary-related payments, has been accrued in the proprietary funds and the governmentwide statements of net position as accumulated leave benefits. 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 have not been recorded as a liability because the payment of the benefits is contingent upon the future illness of an employee. It is not expected that any unrecorded sick pay benefits will exceed a normal year's accumulation.

L. Estimated Claims Payable

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

M. Pension Plan(s)

The County provides a defined benefit pension plan to a large segment of the workforce. Eligibility is based on employment status and a vesting period. Benefits are based on years of service and other factors. As of December 31, 2012, it is the County's policy to fund the normal cost and amortization of any unfunded prior service cost over 14 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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

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/ Chief Financial Officer and Director of Financial Services collectively, are authorized 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 Fund), or 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 assets and liabilities 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 as used for restricted fund balance as 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 initially made from it 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 into 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 2011 Net Position and Fund Balance

In conformity with GAAP, as set forth in the Statement of Governmental Accounting Standards No. 65, "Items Previously Recognized as Assets and Liabilities," 2011 Governmentwide net position has been restated for Governmental activities, Business-type activities, the Water and Sewerage Fund, and the Development Authority to record the effects of removing unamortized bond issue costs from the statement of net position and treating them as if they had been expensed in the year incurred.

These restatements affected the beginning net position in the governmentwide and fund statements as follows:

	Governmentwide Statements			Fund Statements
	Governmental Activities	Business-type Activities	Component Units	Water and Sewer Fund
2011 Net Position, as previously reported	$ 3,134,780	2,828,126	12,622	$ 2,322,068
Effect of removing unamortized bond costs from the Statement of Position	(549)	(5,602)	(767)	(5,602)
2011 Net Position, as restated	$ 3,134,231	2,822,524	11,855	$ 2,316,466

Note 2.

Legal Compliance – Budgets

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

1. Prior to December 1, the Chairman submits a proposed budget to the Board of Commissioners governing expenditures of all County funds for the fiscal year commencing the following January 1.

2. In December, the Board of Commissioners holds a public hearing on the proposed budget to obtain citizen comments.

3. The Board of Commissioners formally adopts the budget (or continuation budget if the Commission requires additional review of the proposed budget) at the first regular meeting in January of the current budget year. Once the Commission has agreed on the proposed budget, a resolution is adopted by the Commission replacing the proposed budget. A balanced budget is required by law. The budget specifies the anticipated funding sources for each fund and making 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 source, whichever is less.

5. Certain capital project budgets are adopted as multiple-year project budgets as provided for in *O.C.G.A. § 36–81–3 (b)(2)*.

6. The County's legal level of budgeting control (the level at which expenditures may not exceed appropriations) is at the department level for each fund for which a budget is required with the following provision:

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

   The Department Director to:

   (a) set fee structures provided that they are not restricted by rate setting policies and agreements.

   The Director of Financial Services to:

   (a) allocate funds to appropriate Departments or Organization Units from insurance proceeds and/or from the Casualty and Liability Insurance Reserve for the replacement or repair of damaged equipment items;

   (b) allocate funds from the established Judicial Reserve to appropriate Departments or Organization Units for required expenses;

(c) allocate funds from the established Medical Reserve to various Funds, Departments or Organization Units when required to cover expenses;

(d) allocate funds from the established Indigent Defense Reserve to appropriate Departments or Organization Units for required expenses;

(e) allocate funds from the established Court Reporter Reserve to appropriate Departments or Organization Units for required expenses;

(f) allocate funds from the established Court Interpreter Reserve to appropriate Departments or Organization Units for required expenses;

(g) allocate funds from the established Inmate Housing Reserve to appropriate Departments or Organization Units for required expenses;

(h) allocate funds from the established Fuel/Parts Reserve as required;

(i) allocate funds from Non-Department contingencies and reserves to cover existing obligations/expenses in accordance with the intent and actions of the Board of Commissioners; however, in no case shall appropriations exceed actual available funding sources;

(j) allocate funds from Indirect Cost Allocations and Contributions 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;

(k) 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;

(l) adjust revenue and appropriation budgets between capital projects as necessary to incorporate grant awards previously approved by the Board of Commissioners;

(m) approve transfers of appropriations within capital projects and allocate funds previously approved, or, as appropriate, transfer appropriations among fiscal years for projects as necessary to allow completion of each project and cover existing obligations/expenditures in accordance with the intent and actions of the Board of Commissioners; however, in no case shall appropriations exceed actual available funding sources;

(n) calculate savings associated with the future vacancy of any position and shall further have the authority to amend the budget of such department at the time a vacancy arises unless an exception has been granted; and

(o) adjust revenue and appropriation budgets to incorporate collected revenue at the capital fund contingency project, and project specific levels.

The Deputy County Administrator/Chief Financial Officer to:

(a) transfer funds from Departments under his/her direct authority within the Administration/Support Internal Service Fund so long as the total budget for the Administration/Support Departments are not increased;

(b) allocate funds from established reserves for leave balances at retirement, salary adjustments and reclassifications to Department and Organizational units as necessary to provide funding for compensation actions, reductions in force, and retirement incentives;

(c) 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; and

(d) transfer appropriations within a capital fund from an Information Technology contingency/reserve to establish new projects/initiatives for amounts up to $100,000.

The County Administrator to:

(a) transfer funds from Department or Organization Unit budgets to Contribution to Capital Projects for amounts up to $25,000;

(b) transfer funds within a capital fund from fund or program contingencies and/or savings in existing projects to establish new projects for amounts up to $100,000;

(c) grant exceptions to the ninety day vacancy period upon petition by a County Department or Agency so as to permit the vacant position to be filled through hire and appointment without a corresponding budgetary impact; and

(d) reallocate funding among projects approved by the Board of Commissioners.

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.

7. 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.

8. 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.

9. Transfers of appropriations in any fund among the various accounts within a department shall require only the approval of the Director of Financial Services so long as the total budget for each department is not increased.

10. Appropriations in any fund among the various accounts within a department shall require only the approval of the Director of Financial Services, except that transfer of appropriations within a department, to or from salaries, to or from operating capital assets, transfers to any conference account, or any copy machine lease account, shall require the approval of the Director of Financial Services for amounts up to $25,000, or the County Administrator for amounts up to $100,000, and the approval of the Board of Commissioners for amounts exceeding $100,000.

11. The Board of Commissioners shall approve increases in authorized positions. Vacant positions may be reallocated within the same department or reassigned to another department, and filled authorized positions may be reassigned at the same grade level between departments with the authorization of the County Administrator.

12. The County Administrator is granted authority to authorize benefits pursuant to *O.C.G.A. § 47–23–106* for retired Superior Court Judges.

13. 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.

14. Be it further resolved that in accordance with the *Official Code of Georgia Annotated Section 33–8–8.3(a)(1),* the proceeds from the tax on insurance premiums shall be used solely for the purposes of funding police protection to inhabitants of the unincorporated areas of the county.

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, 2012, was amended through supplemental appropriations as follows (in thousands of dollars):

	Original Appropriation Budget	Increase/(Decrease) In Appropriation	Amended Appropriation Budget
General Fund	$ 403,542	$ 38,582	$ 442,124
Special Revenue Funds	112,617	11,334	123,951
Debt Service Fund	5,227	25,117	30,344
Capital Projects Funds	258,146	(88,126)	170,020

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—General Fund (Basic Financial Statements) and all other governmental funds (Combining Statements).

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

	Fund Balances at End of Year			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects
GAAP basis fund balance	$ 174,371	$ 69,185	$ 28,892	$ 371,617
GASB 31 market adjustments	166	–	–	(662)
Budget basis	$ 174,537	$ 69,185	$ 28,892	$ 370,955

Note 3.

Cash, Cash Equivalents, and Investments

Following are the components of the County's cash, cash equivalents, and investments as of December 31, 2012 (in thousands of dollars):

	Unrestricted	Restricted	Agencies	Pension and Other Employee Trust Funds	Primary Government Total
Cash and Equivalents	$ 547,193	$ 42,177	$ 36,917	$ 29,617	$ 655,904
Investments	400,924	–	–	778,534	1,179,458
Total	$ 948,117	$ 42,177	$ 36,917	$ 808,151	$ 1,835,362

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 market 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 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 five years from the date of purchase.

Custodial Credit Risk: Deposits and Investments – County

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

On December 31, 2012, the County did not have debt or equity investments in any one organization, other than those issued by the U.S. Government, which represented greater than five percent of investments.

As of December 31, 2012, 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, is as follows:

Investment	(Market Value) Fair Value	Duration (Years)	Credit Quality
Federal agency securities	$ 283,699,448	1.05	AA+
Federal mortgage-backed securities	45,165,960	0.58	AA+
U.S. treasury notes	11,149,030	0.87	AA+
State of Georgia GA1 BNYM Bonds	42,335,167	0.109	AAAf
State of Georgia GA 1	392,550,524	0.109	AAAf
Total Cash Equivalents and Investments	$ 774,900,129		

Pension Trust Fund Investments

As of December 31, 2012, the Pension Trust Fund had $694,403,000 invested in the following types of investments (dollars in thousands) as categorized by credit risk:

Investment	Fair Value	Credit Quality
U.S. treasury bonds	$ 52,170	**AA**
Asset-backed securities	528	**A**
Asset-backed securities	3,394	**BBB**
Asset-backed securities	2,017	**–**
U.S. government agencies	62,774	**AA**
U.S. government agencies	2,520	**A**
U.S. government agencies	4,068	**–**
Commercial mortgage-backed securities	2,936	**AAA**
Commercial mortgage-backed securities	1,546	**AA**
Commercial mortgage-backed securities	863	**A**
Commercial mortgage-backed securities	2,295	**BBB**
Commercial mortgage-backed securities	2,456	**–**
Futures contracts	82	**–**
Corporate bonds	1,239	**AAA**
Corporate bonds	5,588	**AA**
Corporate bonds	27,896	**A**
Corporate bonds	26,833	**BBB**
Corporate bonds	989	**BB**
Corporate bonds	1,990	**–**
Collaterized mortgage obligation	5,936	**AA**
Collaterized mortgage obligation	601	**A**
Collaterized mortgage obligation	111	**–**
Corporate equities	296,479	**–**
Non-U.S. government bonds	527	**A**
Non-U.S. government bonds	3,108	**BBB**
Non-U.S. government bonds	340	**–**
Non-U.S. corporate bonds	1,552	**BBB**
International equities	103,927	**–**
Mutual funds invested in equities	35,862	**–**
Preferred stock	675	**–**
Global fixed income	42,144	**–**
Taxable municipal bonds	957	**–**
Total	$ 694,403	

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, 2012, 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.

As of December 31, 2012, the Pension Trust Fund had $694,403,000 invested in the following types of investments (dollars in thousands):

Investment	Fair Value	Weighted Average Maturity (Years)
U.S. treasury bonds	$ 52,170	7.73
Asset-backed securities	5,939	9.15
U.S. government agencies	69,362	23.18
Commercial mortgage-backed securities	10,096	7.91
Futures contracts	82	–
Corporate bonds	64,535	12.30
Collaterized mortgage obligations	6,648	16.07
Corporate equities	296,479	–
Non-U.S. government bonds	3,975	11.99
Non-U.S. corporate bonds	1,552	11.99
International equities	103,927	–
Mutual funds invested in equities	35,862	–
Preferred stock	675	–
Global fixed income	42,144	–
Taxable municipal bonds	957	28.10
Total	$ 694,403	

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 70 percent at market value, and Fixed Income Securities between 30 percent and 50 percent. Fixed Income Securities are indexed to Barclays Capital U.S. Aggregate. As of December 31, 2012, the Fixed Income Assets had an effective duration of 4.61 years compared to the Barclays Capital U.S. Aggregate of 4.65 years. The weighted average yield to maturity of the Portfolio was 2.02 percent compared to the Barclays Aggregate of 1.53 percent. Corporate equities, international equities, and mutual funds invested in equities are also not classified by interest rate risk.

Foreign Currency Risk – At December 31, 2012, $103,927,000, or 14 percent of Pension Trust assets, had exposure of foreign currency risk through investments in foreign companies. The international equities by related currency (in thousands of dollars) are as follows:

Investment	Amount
Australian Dollar	$ 5,219
British Pound	52,956
Canadian Dollar	8,954
U.S. Dollar invested in mutual funds with only international equity holdings	36,798
Total	$ 103,927

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.

Derivative Instruments – The Pension Trust Fund has invested in several futures contracts which qualify as derivative financial instruments.

These futures contracts are exchange-traded securities to buy or sell United States Treasuries at a future date (March 2013, in the case of these contracts) for a specific price. These futures contracts obligate the Pension Trust Fund to purchase United States Treasury Notes with a notional amount of $15,787,260 on the maturity date in March 2013 while the Pension Trust Fund also has futures contracts obligating it to sell United States Treasury Notes with a notional amount of $15,787,260 on the maturity date in March 2013. These contracts had no significant value when entered into during 2012, and the change in the fair value is an increase of $82,469, resulting in a net fair value balance of these contracts at December 31, 2012, of a positive $82,469.

The fair values of the futures contracts were estimated using market rates as of year-end for similarly traded contracts and, in order to limit credit risk, these contracts were entered into with national financial institutions with high credit quality. Interest rate risk is minimized due to the relatively short maturity date of these contracts as they mature in March 2013.

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 has no significant credit risk exposure to borrowers because the amounts the Pension Trust Fund owes the borrowers exceed the amounts the borrowers owe 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 borrower or lending agent default losses and no recoveries of prior period losses during the year. There are no income distributions owing on the securities loaned. The 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, 2012, the OPEB Trust Fund had $84,131,000 invested in the following types of investments (dollars in thousands) as categorized by credit risk:

Investment	Fair Value	Credit Quality
U.S. treasury bonds	$ 6,321	AA
Asset-backed securities	64	A
Asset-backed securities	411	BBB
Asset-backed securities	244	–
U.S. government agencies	7,605	AA
U.S. government agencies	305	A
U.S. government agencies	493	–
Commercial mortgage-backed securities	356	AAA
Commercial mortgage-backed securities	187	AA
Commercial mortgage-backed securities	104	A
Commercial mortgage-backed securities	278	BBB
Commercial mortgage-backed securities	298	–
Futures contracts	10	–
Corporate bonds	150	AAA
Corporate bonds	677	AA
Corporate bonds	3,380	A
Corporate bonds	3,251	BBB
Corporate bonds	120	BB
Corporate bonds	241	–
Collaterized mortgage obligation	719	AA
Collaterized mortgage obligation	73	A
Collaterized mortgage obligation	13	–
Corporate equities	35,921	–
Non-U.S. government bonds	64	A
Non-U.S. government bonds	376	BBB
Non-U.S. government bonds	41	–
Non-U.S. corporate bonds	188	BBB
International equities	12,592	–
Mutual funds invested in equities	4,345	–
Preferred stock	82	–
Global fixed income	5,106	–
Taxable municipal bonds	116	–
Total	$ 84,131	

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

On December 31, 2012, 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 greater than 5 percent of plan net assets.

As of December 31, 2012, the OPEB Trust Fund had $84,131,000 invested in the following types of investments (dollars in thousands):

Investment	Fair Value	Weighted Average Maturity (Years)
U.S. treasury bonds	$ 6,321	7.73
Asset-backed securities	719	9.15
U.S. government agencies	8,403	23.18
Commercial mortgage-backed securities	1,223	7.91
Futures contracts	10	–
Corporate bonds	7,819	12.30
Collaterized mortgage obligations	805	16.07
Corporate equities	35,921	–
Non-U.S. government bonds	481	11.99
Non-U.S. corporate bonds	188	11.99
International equities	12,592	–
Mutual funds invested in equities	4,345	–
Preferred stock	82	–
Global fixed income	5,106	–
Taxable municipal bonds	116	28.10
Total	$ 84,131	

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 70 percent at market value, and Fixed Income Securities between 30 percent and 50 percent. Fixed Income Securities are indexed to Barclays Capital U.S. Aggregate. As of December 31, 2012, the Fixed Income Assets had an effective duration of 4.61 years compared to the Barclays Capital U.S. Aggregate of 4.65 years. The weighted average yield to maturity of the Portfolio was 2.02 percent compared to the Barclays Aggregate of 1.53 percent. Corporate equities, international equities, and mutual funds invested in equities are also not classified by interest rate risk.

Foreign Currency Risk – At December 31, 2012, $12,592,000, or 14 percent of OPEB Trust assets, had exposure of foreign currency risk through investments in foreign companies. The international equities by related currency (in thousands of dollars) are as follows:

Investment	Amount
Australian Dollar	$ 632
British Pound	6,416
Canadian Dollar	1,085
U.S. Dollar invested in Mutual Funds with only international equity holdings	4,459
Total	$ 12,592

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.

Derivative Instruments – The OPEB Trust Fund has invested in several futures contracts which qualify as derivative financial instruments. The futures contracts are considered investment derivative instruments.

These future contracts are exchange-traded securities to buy or sell United States Treasuries at a future date (March 2013, in the case of these contracts) for a specific price. These futures contracts obligate the OPEB Trust Fund to purchase United States Treasury Notes with a notional amount of $1,912,673 on the maturity date in March 2013 while the OPEB Trust Fund also has futures contracts obligating it to sell United States Treasury Notes with a notional amount of $1,912,673 on the maturity date in March 2013. These contracts had no significant value when entered into during 2012, and the change in the fair value is an increase of $9,991, resulting in a net fair value balance of these contacts at December 31, 2012, of a positive $9,991.

The fair values of the futures contracts were estimated using market rates as of year-end for similarly traded contracts and, in order to limit credit risk, these contracts were entered into with national financial institutions with high credit quality. Interest rate risk is minimized due to the relatively short maturity date of these contracts as they mature in March 2013.

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 has no significant credit risk exposure to borrowers because the amounts the OPEB Trust Fund owes the borrowers exceed the amounts the borrowers owe the OPEB Trust Fund. The contract with the Plan'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 borrower or lending agent default losses and no recoveries of prior period losses during the year. There are no income distributions owing on the securities loaned. The 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, 2012, upon which the 2012 levy was based, was the taxable assessed value of $23,871,410,126 (40 percent of the estimated actual taxable value of $59,678,525,315).

The final 2012 millage rate of 13.02 mills includes a rate of 11.78 mills for general purposes, 0.24 mills for general obligation bonds, and 1.00 mills for recreation purposes.

Property taxes for fiscal year 2012 were due in a single installment on October 15.

Levy Date	January 1, 2012
Tax bills mailed by	August 15, 2012
Payment due dates	October 15, 2012
Delinquency dates	October 15, 2012
Approximate lien date	February 20, 2013

Note 5.

Allowances For Uncollectible Receivables

Allowances for uncollectible receivables at December 31, 2012, are as follows (in thousands of dollars):

Taxes receivable:	
General Fund	$ 2,860
Other Governmental Funds	378
	$ 3,238
Accounts receivable:	
General Fund	$ 4,098
Water and Sewerage Fund	7,871
Stormwater Fund	329
Other Enterprise Funds	446
	$ 12,744

Note 6.

Due From Other Governments

The total amount due from other governments as of December 31, 2012, is $46,380,000. A total of $27,992,000 is due from the state of Georgia for insurance premium tax collected by the state in 2012, but not yet paid to the County. This amount was estimated using the amount received for 2011 and adjusting it for projected employed population growth. A total of $14,628,000 is due from the state of Georgia for sales tax. The remaining $3,760,000 is due from various grant agencies.

Note 7.

Capital Assets

The County's Capital Asset activity for the year ended December 31, 2012, was as follows (in thousands of dollars):

Primary Government

	Balance January 1, 2012	Increases	Decreases	Balance December 31, 2012
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 634,913	7,143	152	641,904
Construction in progress	104,159	103,339	84,334	123,164
Total capital assets, not being depreciated	739,072	110,482	84,486	765,068
Capital assets, being depreciated:				
Land Improvements	375,254	31,756	12	406,998
Buildings	693,570	12,015	17	705,568
Equipment	164,117	11,029	7,274	167,872
Vehicles	83,968	5,812	4,719	85,061
Infrastructure	1,016,655	26,684	–	1,043,339
Total capital assets, being depreciated	2,333,564	87,296	12,022	2,408,838
Less accumulated depreciation for:				
Land Improvements	88,545	14,145	–	102,690
Buildings	145,728	18,798	17	164,509
Equipment	106,326	11,494	7,195	110,625
Vehicles	48,677	8,407	4,408	52,676
Infrastructure	258,815	23,419	4	282,230
Total accumulated depreciation	648,091	76,263	11,624	712,730
Total capital assets, being depreciated, net	1,685,473	11,033	398	1,696,108
Governmental-type activities capital assets, net	$ 2,424,545	121,515	84,884	2,461,176

	Balance January 1, 2012	Increases	Decreases	Balance December 31,2012
Business-type Activities:				
Capital assets, not being depreciated: land	$ 73,088	124	401	72,811
Construction in progress	332,438	97,297	242,903	186,832
Total capital assets, not being depreciated	405,526	97,421	243,304	259,643
Capital assets, being depreciated:				
Buildings	687,930	134,064	21,967	800,027
Improvements	3,012,407	33,064	10,310	3,035,161
Equipment	436,337	82,581	19,795	499,123
Vehicles	53,397	117	6,482	47,032
Infrastructure	713	11	–	724
Total capital assets, being depreciated	4,190,784	249,837	58,554	4,382,067
Less accumulated depreciation for:				
Buildings	128,535	16,474	8,107	136,902
Improvements	565,969	45,840	4,198	607,611
Equipment	231,728	22,842	15,206	239,364
Vehicles	27,982	4,492	5,486	26,988
Infrastructure	54	18	–	72
Total accumulated depreciation	954,268	89,666	32,997	1,010,937
Total capital assets, being depreciated, net	3,236,516	160,171	25,557	3,371,130
Business-type activities capital assets, net	$ 3,642,042	257,592	268,861	3,630,773

Depreciation expense was charged to functions/programs of the primary government as follows (in thousands of dollars):

Governmental Activities:	
General Government	$ 7,709
Public Safety	15,465
Judiciary	4,125
Public Works	29,287
Culture and Recreation	19,159
Housing and Development	518
Total depreciation expense – governmental activities	$ 76,263

Business-Type Activities:

Water and Sewerage	$ 69,219
Airport	433
Solid Waste	86
Stormwater	16,289
Transit	3,639
Total depreciation expense – business-type activities	$ 89,666

Construction and Other Commitments

The County has active construction projects and other significant commitments as of December 31, 2012. At year-end, the County's commitments with contractors were as follows (in thousands of dollars):

Contract Value	$ 888,061
Spent-to-Date	573,049
Remaining Commitments	$ 315,012

Discretely Presented Component Units

The Gwinnett County Public Library's (discretely presented component unit) capital assets reflected activity as follows (in thousands of dollars) for the year ended June 30, 2012:

	Beginning Balance	Increase	Decrease	Ending Balance
Equipment	$ 2,550	16	(131)	$ 2,435
Less accumulated depreciation	2,050	224	(131)	2,143
Net capital assets	$ 500	(208)	–	$ 292

The Board of Health's (discretely presented component unit) capital assets reflected activity as follows (in thousands of dollars) for the year ended June 30, 2012:

	Beginning Balance	Increase	Decrease	Ending Balance
Equipment	$ 2,017	102	–	$ 2,119
Less accumulated depreciation	1,431	158	–	1,589
Net capital assets	$ 586	(56)	–	$ 530

Note 8.

Long-term Obligations

The following is a summary of changes in long-term obligations for the year ended December 31, 2012 (in thousands of dollars):

Governmental Activities:	January 1, 2012	Additions	Retirements	December 31, 2012	Amounts due within one year
General obligation bonds	$ 51,595	22,555	(27,765)	46,385	3,510
Deferred amounts for issuance premiums	232	2,562	(254)	2,540	–
Total bonds payable	51,827	25,117	(28,019)	48,925	3,510
Lease payable	94,730	–	(2,150)	92,580	2,215
Accumulated leave benefits	14,566	14,679	(11,969)	17,276	10,630
Estimated claims payable	10,363	22,415	(21,104)	11,674	4,214
Total governmental activity long-term liabilities	$ 171,486	62,211	(63,242)	170,455	20,569
Business-Type Activities:					
Revenue bonds	$ 969,515	–	(47,250)	922,265	57,035
Deferred amounts for issuance premiums	44,822	–	(5,587)	39,235	–
Total bonds payable	1,014,337	–	(52,837)	961,500	57,035
Notes payable	55,103	25	(2,378)	52,750	2,403
Accumulated leave benefits	1,711	1,968	(1,572)	2,107	1,281
Total business-type activity long-term liabilities	$ 1,071,151	1,993	(56,787)	1,016,357	60,719

Due to implementation of GASB 63 and 65 in 2012, the deferred losses on refunding of bonds are no longer reported net of bonds payable. Therefore, their values have been removed from the above table.

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, $2,048,000 of internal service fund accumulated leave benefits and $11,674,000 of internal service fund claims payable were included in the above amounts.

For governmental funds, accumulated leave benefits are liquidated by the General, Streetlight, Crime Victims Assistance, Corrections Inmate Welfare, Sales Tax, Recreation, E-911, Other Capital Projects and Grants Funds. Estimated claims payable is liquidated by the Group Self-Insurance and Risk Management internal service funds.

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

Bonds payable are comprised of the following:

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, 2012, are as follows (in thousands of dollars):

	Interest Rate (%)	Interest Dates	Issue Dates	Maturity Date	Authorized and Issued	Cumulatively Retired	Outstanding
2003 General Obligation	2.0 – 4.0	1/1 – 7/1	6/25/03	1/1/23	$ 75,000	$ 51,170	$ 23,830
2012 General Obligation Refunding	1.0 – 5.0	1/1 – 7/1	10/4/12	1/1/19	22,555	–	22,555
					$ 97,555	$ 51,170	$ 46,385

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, 2012, are as follows (in thousands of dollars):

	Interest Rate %	Interest Dates	Issue Date	Maturity Date	Authorized and Issued	Cumulatively Retired	Outstanding
Business Type							
2002 Water and Sewerage	4.0 – 5.25	2/1 – 8/1	5/1/02	8/1/12	120,000	120,000	0
2003B Water and Sewerage Refunding	4.75 – 5.0	2/1 – 8/1	6/5/03	8/1/25	200,000	189,635	10,365
2005 Water and Sewerage Refunding	3.0 – 4.5	2/1 – 8/1	3/17/05	8/1/22	259,600	51,480	208,120
2006 Water and Sewerage Refunding	3.75 – 4.5	2/1 – 8/1	3/9/06	8/1/25	121,375	2,665	118,710
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	28,075	207,500
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	5.0	2/1 – 8/1	7/1/11	8/1/25	163,615	–	163,615
					$ 1,314,120	$ 391,855	$ 922,265
				Deferred Items			39,235
				Net Business-Type Bonds Outstanding			$ 961,500

The annual requirements to amortize bonds payable as of December 31, 2012, excluding unamortized bond premiums of $41,775,000, are as follows (in thousands of dollars):

	General Obligation		Business-Type Revenue		
Year Ended December	Principal	Interest	Principal	Interest	Total
2013	3,510	1,443	57,035	40,281	102,269
2014	3,410	1,576	58,955	38,065	102,006
2015	3,480	1,471	61,050	35,641	101,642
2016	3,690	1,311	63,725	33,082	101,808
2017	3,865	1,208	66,270	30,431	101,774
2018 – 2022	22,980	3,581	297,740	111,338	435,639
2023 – 2027	5,450	109	262,680	44,137	312,376
2028 – 2029	–	–	54,810	3,746	58,556
	$ 46,385	$ 10,699	$ 922,265	$ 336,721	$ 1,316,070

Revenue Bonds – Development Authority

Component Unit	Interest Rate %	Interest Dates	Issue Date	Maturity Date	Authorized and Issued	Cumulatively Retired	Outstanding
Development Authority 2007 Demand	4.125 – 5.0	03/01 – 09/01	08/30/07	9/1/27	$ 12,000	$ 2,150	$ 9,850
2008 Stadium	5.4 – 6.6	1/1/ – 07/01	04/01/08	1/1/38	33,000	–	33,000
2010 Civic Center	2.0 – 5.0	03/01 – 09/01	11/09/10	9/1/31	52,660	2,930	49,730
Subtotal					$ 97,660	$ 5,080	92,580
Premium							5,343
Total							$ 97,923

The Development Authority (a discretely presented component unit) issued $65,000,000 in variable-rate revenue bonds on May 10, 2001, and $12,000,000 fixed-rate revenue bonds on July 31, 2007. In 2008, the Development Authority issued fixed-rate bonds on April 1 for $33 million for the stadium.

In December 2010, the 2001 bonds were restructured from variable rate to fixed rate bonds.

The estimated annual requirements to amortize the bonds payable as of December 31, 2012, are as follows (in thousands of dollars):

Development Authority Revenue Bonds Annual Requirements

Year Ended December 31	Principal	Interest	Total Debt Service
2013	2,215	4,842	7,057
2014	2,845	4,747	7,592
2015	2,975	4,613	7,588
2016	3,110	4,473	7,583
2017	3,260	4,325	7,585
2018 – 2022	19,000	18,863	37,863
2023 – 2027	24,180	13,731	37,911
2028 – 2032	21,830	7,487	29,317
2033 – 2037	10,600	2,687	13,287
2038 – 2039	2,565	85	2,650
Total	$ 92,580	$ 65,853	$ 158,433

The County is absolutely and unconditionally obligated under the terms of an intergovernmental contract relating to the bonds dated April 1, 2001, and amended December 1, 2010, with the restructuring of the same bonds to pay debt service on the 2001 bonds, including principal and interest. As a result, the County reports a capital lease obligation to component units, and the Development Authority reports a lease receivable from the primary government in an amount, and with future requirements, equal to the above Development Authority bonds. The bonds were issued to finance an expansion of the existing Gwinnett Center.

The County has also entered into capital leases for a parking garage at the Gwinnett Center and the stadium (Coolray Field). The projects were financed with the 2007 and 2008 bonds described above and are leased at cost with lease repayment terms mirroring the required debt service on the bonds.

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

Buildings	$ 123,600
Land Improvements	$ 16,543
Equipment	$ 1,820

Advance Refunding of Debt

In 2005, the County advance refunded that portion of the Series 1997 Water and Sewer 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, 2012, $200,305,000 of outstanding revenue bonds are considered defeased.

In 2006, the County advance refunded that portion of the Series 2002 Water and Sewer 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, 2012, $116,500,000 of outstanding revenue bonds are considered defeased.

In 2009, the County refunded the Series 2004 Water and Sewer Revenue Bonds with a principal balance of $120,000,000. These bonds were redeemed during the year and none remain outstanding. As the 2004 bonds were variable rate bonds with uncertain future debt service requirements, no disclosure of debt service requirement differences or economic gain or loss is required.

In 2011, the County advance refunded that portion of the Series 2003B Water and Sewer 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, 2012, $170,360,000 of outstanding 2003B revenue bonds are considered defeased.

In 2012, the County refunded a portion of 2003 G.O. 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 are considered defeased. At December 31, 2012, $24,385,000 of outstanding revenue bonds are considered defeased.

Debt Margin

State statutes limit the amount of general obligation debt a government entity may issue to 10 percent of its total assessed valuation. At December 31, 2012, General Obligation Bonds outstanding, net of amounts available in the Debt Service Fund of $28,892,000 totaled $17,493,000. The statutory limit at that date was $2,387,141,000, providing a debt margin of $2,369,648,000.

Debt Covenants

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of moneys through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages. Management believes the County is in compliance with all such significant financial limitations and restrictions.

Notes Payable

The Enterprise Funds have several Georgia Environmental Finance Authority (GEFA) loans for the construction and acquisition of buildings and equipment. Notes payable outstanding as of December 31, 2012, are as follows (in thousands of dollars):

GEFA Notes	Interest Rates %	Interest Dates	Maturity Dates	Notes Payable January 1, 2012	Additions	Retirements	Notes Payable December 31, 2012
GEFA (CW13089701)	2.00	Monthly	4/1/12	$ 84	$ –	$ 84	$ –
GEFA (CW4005PA)	3.00	Monthly	11/1/28	47,679	–	2,051	45,628
GEFA (CW03-002NP)	3.00	–	–	5,298	–	205	5,093
GEFA (09-055)	3.00	–	–	2,042	25	38	2,029
				$ 55,103	$ 25	$ 2,378	$ 52,750

The annual requirements to pay the notes outstanding at December 31, 2012, including interest of approximately $14,787,000, are as follows (in thousands of dollars):

Year Ended December 31	Principal	Interest	Total Enterprise Funds
2013	2,403	1,549	3,952
2014	2,476	1,477	3,953
2015	2,551	1,401	3,952
2016	2,629	1,324	3,953
2017	2,709	1,243	3,952
2018 – 2022	14,831	4,931	19,762
2023 – 2027	17,228	2,534	19,762
2028 – 2032	7,923	328	8,251
Total	$ 52,750	$ 14,787	$ 67,537

Operating Lease Commitments

The County leases certain equipment under operating leases. Rental expense for all operating leases aggregated $5,658,635 for the year ended December 31, 2012. There were no significant future minimum rental payments, contingent rentals, or sublease rentals associated with leases in effect at December 31, 2012.

Conduit Debt

From time to time, the Development Authority, a discretely presented component unit, 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 were 48 series of industrial development bonds issued from January 1, 1996, to December 31, 2012, totaling $717,711,486. The total amount of those bonds outstanding as of December 31, 2012, was $595,479,035.

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, 2012, are as follows (in thousands of dollars):

	DUE FROM		
DUE TO	2005 Sales Tax	Non-major Governmental	Total
2009 Sales Tax	$ 11,484	$ –	$ 11,484
Other Capital Project	–	65	65
Total	$ 11,484	$ 65	$ 11,549

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

Interfund transfers for the year ended December 31, 2012, consisted of the following (in thousands of dollars):

	TRANSFER FROM						
TRANSFER TO	General	2001 Sales Tax	2005 Sales Tax	Water & Sewer	Non-major Governmental	Internal Service Funds	Total
General	$ –	$ –	$ –	$ 165	$ 95	$ –	$ 260
Other Capital Projects	16,889	–	–	–	1,450	147	18,486
2005 Sales Tax	–	–	–	–	240	–	240
2009 Sales Tax	–	2,829	5,000	–	–	–	7,829
Stormwater	–	–	–	–	20	–	20
Non-major Governmental	1,058	–	–	–	–	–	1,058
Non-major Enterprise	3,200	–	–	–	–	–	3,200
Total	$ 21,147	$ 2,829	$ 5,000	$ 165	$ 1,805	$ 147	$ 31,093

The majority of transfers are from the General Fund to capital projects funds to fund ongoing and planned projects. The General Fund also transfers funds to the Transit Enterprise Fund to cover operating deficits.

Note 10.

Risk Management

A. Liability, Property, and Workers' Compensation

It is the policy of the County not to purchase commercial insurance for various types of losses to which it is exposed. Instead, County management believes it is more economical to manage its risks by purchasing limited liability coverages and internally setting aside assets for claim settlement in its Risk Management, Workers' Compensation, and Automobile 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 Automobile 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 Automobile Liability Funds allocate the cost of providing claims service and claims payment by charging a "premium," which is an allocation to each department, agency, or public authority. These charges, which consider recent trends in actual claims experience of the County as a whole, are accounted for as inter-fund 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 $1,200,000,000 and $2,000,000, respectively. These policies provide for a $100,000 deductible on property damage and $10,000 deductible on fidelity claims.

In addition, the County purchases direct coverage for off-duty and reservists police and sheriff liability with a limit of $1,000,000; 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 $750,000 per occurrence for workers' compensation. Amounts exceeding this are covered by an excess workers' compensation policy. Settlement claims have not exceeded self-funded coverage in the past three fiscal years; therefore, the County has not had to use the excess coverage policy.

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

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

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

Changes in balances of claims liabilities for each of the two years in the two-year period ended December 31, 2012, were as follows:

Fiscal Year	Beginning of Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2012	$ 8,520,000	$ 7,366,000	$ 5,616,000	$ 10,270,000
2011	7,336,000	6,547,000	5,363,000	8,520,000

At December 31, 2012, the Risk Management Fund held $31,032,000 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 $300,000 per covered individual to reduce the exposure from catastrophic claims. Two third-party administrators are 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 2012 and 2011 were as follows:

	Beginning of Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2012	$ 1,843,000	$ 15,049,000	$ 15,488,000	$ 1,404,000
2011	4,058,000	14,525,000	16,740,000	1,843,000

At December 31, 2012, The Group Self-Insurance Fund held $22,737,000 cash and cash equivalents available for payment of these claims.

2012 Claims for Active Employees:
In 2012, there were 1,489 active employees electing medical coverage under self-funded medical plans. The County pays approximately 77 percent of the actuarial projected cost for medical and hospitalization costs incurred by these eligible participants. During the year, expenses by type for the year ended December 31, 2012 are as follows (in thousands of dollars):

1,489 Active Employees Electing Medical Coverage

Administrative Costs	$ 763,569
Stop Loss Insurance	567,419
Claims Experience	15,488
Total	$ 1,346,476

Note 11.

Deferred Compensation Plan

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

Note 12.

Pensions

A. 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. BNY Mellon Bank is the custodian for the Plan. Great-West Retirement Services 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.

General

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.

Gwinnett County previously participated in the agent-multiple employer Association County Commissioners of Georgia Defined Benefit Plan and the Association County Commissioners of Georgia Defined Benefit Plan Master Trust Agreement sponsored by the Association of County Commissioners of Georgia. Having determined that it was in the best interest of the County and plan participants and beneficiaries, the County established the Gwinnett County Defined Benefit Plan, effective January 1, 2007, as a single employer, locally governed plan for the benefit of its employees and other eligible individuals as provided for in the Plan document. Assets held in the Association County Commissioners of Georgia Defined Benefit Plan Master Trust for the benefit of Gwinnett County employees were transferred to the Plan in 2007.

Retirement Options/Benefit Provisions

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 (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 years 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 retire directly from County employment.

Eligibility

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

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

Fund Membership

The following schedule (derived from the most recent actuarial valuation report) reflects membership for the Plan as of January 1, 2013.

Plan Membership as of January 1, 2013

Retirees, beneficiaries and disabled participants receiving benefits	1,739
Terminated plan members entitled to but not receiving benefits	917
Active plan members	1,982
Total	4,638

Complete financial statements for the Gwinnett County Defined Benefit Plan can be obtained at the following address:

75 Langley Drive
Lawrenceville, GA 30046

B. 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 January 1, 2012 plan year, the required contribution rate, for County contributions, as a percent of pensionable earnings was set at 31.30 percent. The employees were required to contribute at an average rate of 6.99 percent of pensionable earnings.

The chart below shows County costs and contributions for the year ended December 31, 2012, for the current Defined Benefit Pension Plan and the prior two years.

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

Fiscal Year	Annual Pension Cost	Actual County Contribution	Percentage of APC Contributed	Net Pension Asset End of Year
2012	$ 43,477	$ 55,181	127%	$ 141,057
2011	43,711	64,063	147%	129,353
2010	31,816	60,947	192%	109,001

The County's annual pension cost and net pension asset for the current year were as follows:

Annual required contribution	$ 36,181,000
Interest from net pension asset	(10,348,236)
Adjustment	17,644,485
Annual pension cost	43,477,249
Actual contributions to plan	55,181,000
Less: annual pension cost	43,477,249
Increase in net pension asset	11,703,751
Net pension asset as of January 1, 2012	129,352,952
Net pension asset as of December 31, 2012	$ 141,056,703

C. Defined Benefit Pension Plan

As of the most recent valuation date, January 1, 2013, the funded status of the Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (AAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/13	$ 704,197,000	$ 916,191,889	$ 211,994,889	76.9%	$ 110,766,363	191.4%

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

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2013. The assumptions used in the January 1, 2013 actuarial valuation are as follows:

Actuarial Assumptions:

Cost method	Projected unit credit
Actuarial asset valuation method	Five-year smoothed market value
Assumed rate of return on investments (includes inflation)	8.00%
Projected salary increases (includes inflation)	4.50 – 5.50%
Price inflation	3.00%
Wage inflation	4.00%
Cost-of-living adjustments	1.00%
Payroll decrease	5.00%
Amortization method	Level percent of pay (closed)
Remaining amortization period	14 years

D. Defined Contribution Pension Plan

The Gwinnett County Defined Contribution Pension Plan (the "DC Plan") is a defined contribution pension plan established by Gwinnett County on August 1, 2000 to provide retirement benefits for appointed and elected officials. Effective January 1, 2007, all new eligible employees were required to participate in this plan, and the defined benefit plan was closed to new participants. The DC Plan is administered by Great-West Retirement Services. On December 31, 2012, there were 2,392 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, 2012, the amount contributed by employees was $4,015,540. The amount contributed by the County was $9,063,154. Effective January 1, 2007, a 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 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.

The DC Plan also contains an additional benefit – the Retiree Medical Savings Plan (401h). This plan is also administered by Great-West Retirement Services. 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. If the employee leaves service prior to eligible retirement, funds in this account are forfeited to the County. In 2012, the County contributed $498,447 to this plan. Persons leaving County employment prior to retirement forfeit all rights or claims against the medical savings program and those funds are returned to the program for payment of expenses or redistribution in accordance with IRS *§401h.*

Note 13.

Other Post-Employment Benefits

A. Plan Description

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

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

Retirement Options/Benefit Provisions
Eligible retirees and former employees who are not Medicare Eligible are offered the same health and prescription drug coverage as active employees. Medicare Eligible retirees and former employees who are Medicare Eligible are offered Medicare Advantage plans. Retirees pay approximately 51.6 percent of actuarially calculated and self-supporting monthly rates. The County contributes the remainder of the rates, but it caps its contribution at specific monthly limits. Participants pay 100 percent of the cost of vision and dental coverage.

Eligibility
Eligible participants for Other Post-Employment Benefits include:

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

Fund Membership
The following schedule (derived from the most recent actuarial valuation report) reflects membership for the OPEB Plan as of January 1, 2013.

Active participants	4,413
Retirees and beneficiaries	1,832
Total	6,245

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

B. Contributions

In 2012, Gwinnett County contributed an actuarially determined amount to the OPEB Plan's trust. The annual required contribution amount is determined using actuarial methods and assumptions approved by the Retirement Plans Management Committee. It is intended to satisfy the minimum contribution requirements as set forth in GASB Statement 45.

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

Fiscal Year	Annual OPEB Cost	Actual County Contribution	Percentage of AOPEBC Contributed	Net OPEB Asset End of Year
2012	$ 15,216	$ 16,877	110.91%	$ 29,783
2011	15,956	24,313	152.37%	28,123
2010	15,098	26,840	177.77%	19,766

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

Annual required contribution	$ 15,641,365
Interest from net OPEB asset	(1,968,606)
Adjustment	1,543,484
Annual OPEB cost	15,216,243
Actual contributions to plan	16,876,530
Less: annual OPEB cost	15,216,243
Increase in net OPEB asset	1,660,287
Net OPEB asset as of December 31, 2011	28,122,942
Net OPEB asset as of December 31, 2012	$ 29,783,229

C. OPEB Plan

As of the most recent valuation date, January 1, 2013, the funded status of the OPEB Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (AAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/13	$ 87,136,272	$ 154,126,909	$ 66,990,637	56.54%	$ 210,699,665	31.79%

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

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2013. The assumptions used in the January 1, 2013 actuarial valuation are as follows:

Actuarial Assumptions

Cost method	Projected unit credit
Actuarial asset valuation method	Market value
Assumed rate of return on investments*	7.00%
Medical cost trend rate:*	
Pre-Medicare	8.50%
Post-Medicare	6.25%
Ultimate trend rate	5.00%
Year of ultimate trend rate:	
Pre-Medicare	2018
Post-Medicare	2017
Amortization method	Level percent of pay (open)
Remaining amortization period	30 years

*Includes inflation at 3.00%

Note 14.

Nonspendable, Restricted, Committed, Assigned, and Unassigned Fund Balances

Nonspendable, restricted, committed, assigned, and unassigned fund balances in the various funds as of December 31, 2012, are as follows (in thousands of dollars):

Fund balances	General	Other Capital Projects	2005 Sales Tax	2009 Sales Tax	Other Governmental	Total
Nonspendable:						
Inventories	$ 1,459	$ –	$ –	$ –	$ 237	$ 1,696
Prepaid items	773	1	–	12	48	834
Restricted for:						
Capital projects	–	–	38,745	254,140	–	292,885
Street lighting	–	–	–	–	2,981	2,981
Speed humps	–	–	–	–	1,148	1,148
Authority imaging	–	–	–	–	1,309	1,309
Juvenile court supervision	–	–	–	–	108	108
Tourism	–	–	–	–	6,398	6,398
Stadium	–	–	–	–	1,041	1,041
Law enforcement – sheriff	–	–	–	–	1,229	1,229
Law enforcement – police	–	–	–	–	6,541	6,541
Crime victims assistance	–	–	–	–	1,423	1,423
Law enforcement – district attorney	–	–	–	–	449	449
Corrections inmate welfare	–	–	–	–	47	47
Sheriff inmate store	–	–	–	–	1,820	1,820
E-911 services	–	–	–	–	29,410	29,410
Loganville EMS	–	–	–	–	820	820
Recreation	–	–	–	–	14,161	14,161
Grants	–	–	–	–	6,195	6,195
Debt service	–	–	–	–	28,845	28,845
Committed to:						
Tree bank	–	–	–	–	62	62
Assigned to:						
General fund – 2013 budget: appropriation of fund balance	42,636	–	–	–	–	42,636
Other capital projects	–	78,719	–	–	–	78,719
Unassigned	129,503	–	–	–	–	129,503
Total fund balances	$ 174,371	$ 78,720	$ 38,745	$ 254,152	$ 104,272	$ 650,260

Note 15.

Contingencies

A. Litigation

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

B. Grants

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

Note 16.

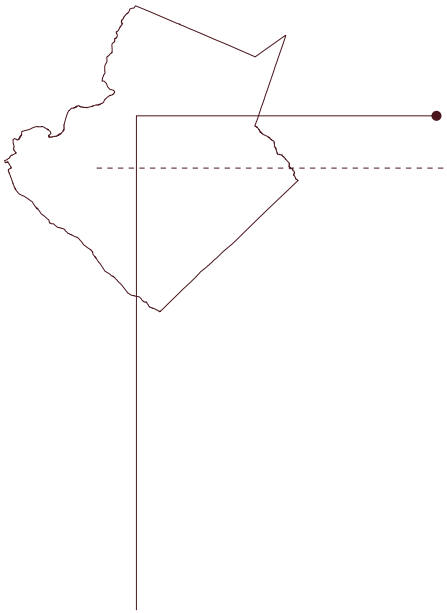
Subsequent Events

A. Purchase of the city of Norcross' water and wastewater systems

The Gwinnett County Board of Commissioners and the city of Norcross approved an intergovernmental agreement in 2013 which will allow Gwinnett County to purchase the water and wastewater systems from the city of Norcross at a price of $2 million.

B. Purchase of Land

In 2013, the County will purchase 16.2 acres of property from Old Peachtree Partners for $5.2 million. In March 2013 the Court of Appeals ruled that a proposed 2009 Settlement agreement for the purchase of the property is enforceable.



required supplementary information

Required Supplementary Information
Defined Benefit Pension Plan

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

Actuarial Valuation Date (1/1)	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) – (1)	(5) Annual Covered Payroll (Prior year)	(6) UAAL as a Percentage of Covered Payroll (4)/(5)
2013	$ 704,197	$ 916,192	76.9%	$ 211,995	$ 110,766	191.4%
2012	$ 652,425	$ 849,165	76.8%	$ 196,740	$ 116,610	168.7%
2011	$ 594,981	$ 809,083	73.5%	$ 214,102	$ 128,215	167.0%

The assumptions used in the preparations of the above schedules are disclosed in ***Note 12*** to the financial statement.

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

75 Langley Drive
Lawrenceville, GA 30046

Required Supplementary Information
Other Post-Employment Benefits

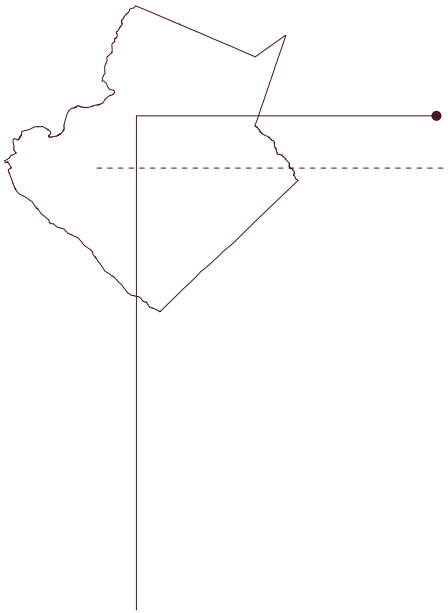
Required Supplementary Information Schedule of Funding Progress (unaudited) (in thousands of dollars)

Actuarial Valuation Date (1/1)	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) – (1)	(5) Annual Covered Payroll (Prior year)	(6) UAAL as a Percentage of Covered Payroll (4)/(5)
2013	$ 87,136	$ 154,127	56.5%	$ 66,991	$ 210,700	31.8%
2012	$ 68,117	$ 155,737	43.7%	$ 87,619	$ 211,636	41.4%
2011	$ 51,362	$ 194,311	26.4%	$ 142,949	$ 219,527	65.1%

For actuarial assumptions used in the actuarial valuation above, refer to ***Note 13*** of the financial statements.

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

75 Langley Drive
Lawrenceville, GA 30046



governmental funds

Non-Major Governmental Funds
Special Revenue

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

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

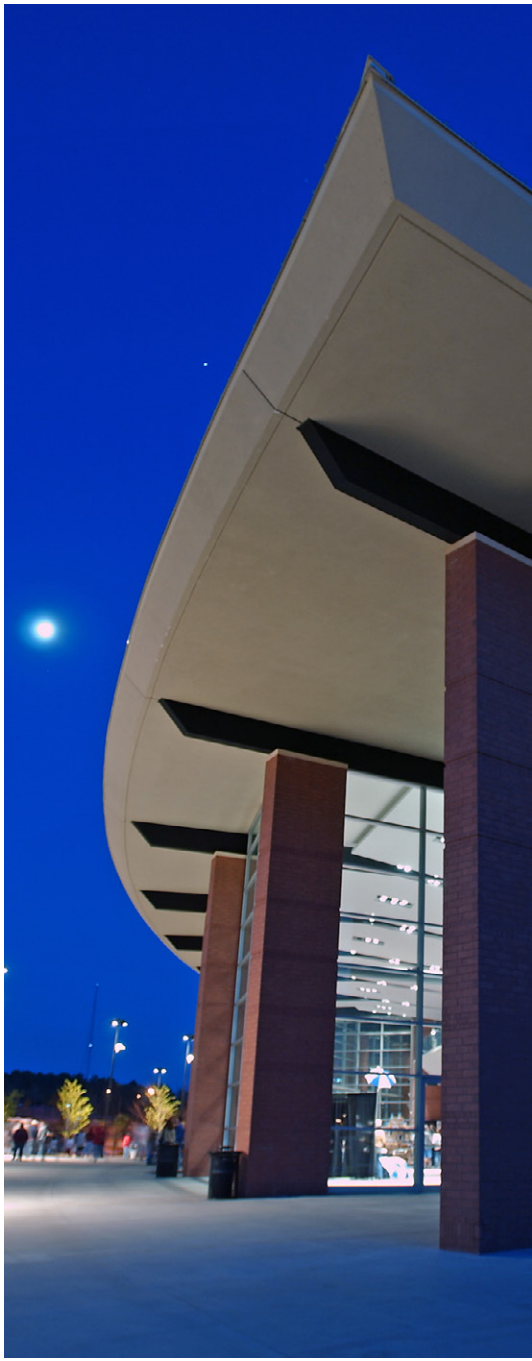
Authority Imaging Fund
The Authority Imaging Fund accounts for revenues received from fees collected by the Clerk of Superior Court Authority for document printing. These monies must be used for the development, implementation, and maintenance of a state-wide automated information system.

Juvenile Court Supervision
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 is used to account 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 which is required to be expended in accordance with state law, and includes debt service payments for the Gwinnett Center and parking facility. Other expenditures associated with this fund are quarterly payments to the Gwinnett Convention and Visitors Bureau per a management agreement. Debt service payments occur biannually in March and September.

Stadium Fund
The Stadium Fund accumulates stadium-related revenues in order to pay debt service on the Stadium construction bonds and insurance expenditures. Motor vehicle 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 Braves 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. Debt service payments occur bi-annually in January and July.

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 and state 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 and state 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 and state 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 and state guidelines.

Police Special Treasury Fund
The Police 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 and state 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 federal and state guidelines.

Crime Victims Assistance Fund
The Crime Victims Assistance Fund accounts for revenues received from a 5 percent charge collected on fines within the Recorder's, Juvenile, State, Superior, and Magistrate Courts of Gwinnett County. Revenues are also received from 5 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 Asset Sharing Fund
The District Attorney Federal 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.

Corrections Inmate Fund
The Corrections Inmate 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 is used to account for the revenues and expenditures attributable to the Loganville Emergency Medical Service 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. Expenditures are recorded in the fall based upon the certified property tax digest, as outlined in the intergovernmental agreement with the City of Loganville.

Recreation District Funds
Recreation District Funds include the combined accounts of the Recreation Authority and the Recreation Fund, which are used to 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.

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

Debt Service Fund

Debt Service Fund
The Debt Service Fund is used specifically to account 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, 2012
(in thousands of dollars)

	Street Lighting	Speed Hump	Authority Imaging	Juvenile Court Supervision	Tree Bank Fund	Tourism	Stadium	Sheriff Special Justice	Sheriff Special Treasury
ASSETS:									
Cash and cash equivalents	$ 3,506	1,145	1,309	108	62	3,525	962	218	847
Investments	–	–	–	–	–	2,500	–	–	–
Receivables, net of allowance:									
Taxes	276	6	–	–	–	–	–	–	–
Accounts	–	–	–	–	–	465	79	–	–
Due from other governments	–	–	–	–	–	–	–	–	–
Inventories	–	–	–	–	–	–	–	–	–
Prepaid assets	–	–	–	–	–	–	–	–	–
Total assets	$ 3,782	1,151	1,309	108	62	6,490	1,041	218	847
LIABILITIES:									
Accounts payable	$ 554	–	–	–	–	92	–	–	–
Payroll payable	–	–	–	–	–	–	–	–	–
Retainage payable	–	–	–	–	–	–	–	–	–
Due to other funds	–	–	–	–	–	–	–	–	–
Total liabilities	554	–	–	–	–	92	–	–	–
DEFERRED INFLOWS OF RESOURCES:									
Unavailable revenue-property taxes	247	3	–	–	–	–	–	–	–
Total deferred inflows of resources	247	3	–	–	–	–	–	–	–
FUND BALANCES:									
Nonspendable	–	–	–	–	–	–	–	–	–
Restricted	2,981	1,148	1,309	108	–	6,398	1,041	218	847
Committed	–	–	–	–	62	–	–	–	–
Total fund balances	2,981	1,148	1,309	108	62	6,398	1,041	218	847
Total liabilities, deferred inflows of resources and fund balances	$ 3,782	1,151	1,309	108	62	6,490	1,041	218	847

Special Revenue Funds

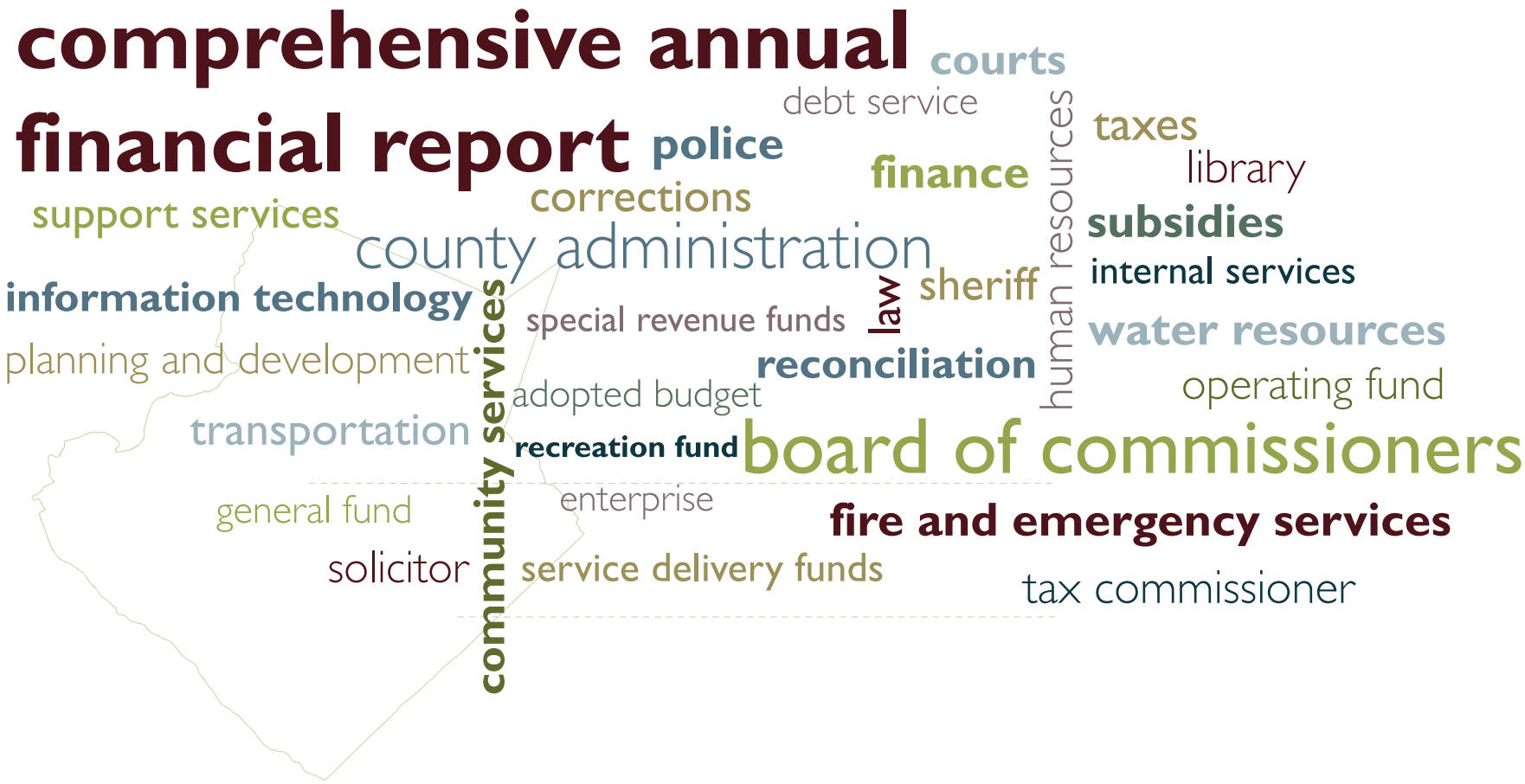
Sheriff Special State	Police Special Justice	Police Special Treasury	Police Special State	Crime Victims Assistance	DA Federal Asset Sharing	Corrections Inmate Welfare	Sheriff Inmate	E-911	Loganville EMS District	Recreation	Grant	Total	Debt Service	Total Other Governmental Funds
164	3,453	83	3,103	1,426	449	51	1,853	11,682	820	14,671	4,672	54,109	28,797	82,906
–	–	–	–	–	–	–	–	18,050	–	–	–	20,550	–	20,550
–	–	–	–	–	–	–	–	–	–	948	–	1,230	281	1,511
–	–	–	–	15	–	–	–	–	–	75	–	634	–	634
–	–	–	–	–	–	–	–	–	–	–	3,767	3,767	–	3,767
–	–	–	–	–	–	–	–	–	–	237	–	237	–	237
–	–	–	–	–	–	–	–	–	–	1	–	1	47	48
164	3,453	83	3,103	1,441	449	51	1,853	29,732	820	15,932	8,439	80,528	29,125	109,653
–	6	11	16	2	–	2	33	161	–	447	2,201	3,525	3	3,528
–	–	–	–	16	–	2	–	161	–	335	–	514	–	514
–	–	–	–	–	–	–	–	–	–	–	43	43	–	43
–	44	–	21	–	–	–	–	–	–	–	–	65	–	65
–	50	11	37	18	–	4	33	322	–	782	2,244	4,147	3	4,150
–	–	–	–	–	–	–	–	–	–	751	–	1,001	230	1,231
–	–	–	–	–	–	–	–	–	–	751	–	1,001	230	1,231
–	–	–	–	–	–	–	–	–	–	238	–	238	47	285
164	3,403	72	3,066	1,423	449	47	1,820	29,410	820	14,161	6,195	75,080	28,845	103,925
–	–	–	–	–	–	–	–	–	–	–	–	62	–	62
164	3,403	72	3,066	1,423	449	47	1,820	29,410	820	14,399	6,195	75,380	28,892	104,272
164	3,453	83	3,103	1,441	449	51	1,853	29,732	820	15,932	8,439	80,528	29,125	109,653

Other Governmental Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balances Year Ended December 31, 2012

(in thousands of dollars)

	Street Lighting	Speed Hump	Authority Imaging	Juvenile Court Supervision	Tree Bank Fund	Tourism	Stadium	Sheriff Special Justice	Sheriff Special Treasury
REVENUES:									
Taxes	$ –	–	–	–	–	6,699	941	–	–
Intergovernmental	–	–	–	–	–	–	400	–	–
Charges for services	6,266	119	1,308	67	2	–	996	–	–
Fines and forfeitures	–	–	1	–	–	–	–	84	288
Investment income	2	–	–	–	–	17	–	–	1
Miscellaneous	–	–	–	–	–	–	–	7	–
Total revenues	6,268	119	1,309	67	2	6,716	2,337	91	289
EXPENDITURES:									
Current operating:									
Public safety	–	–	–	–	–	–	–	–	–
Judiciary	–	–	–	71	–	–	–	16	156
Public works	6,707	53	–	–	–	–	–	–	–
Culture and recreation	–	–	–	–	–	–	–	–	–
Grant programs	–	–	–	–	–	–	–	–	–
Tourism	–	–	–	–	–	2,069	–	–	–
Development authority	–	–	–	–	–	4,951	2,146	–	–
Capital outlay	–	–	–	–	–	–	–	–	114
Debt service	–	–	–	–	–	–	–	–	–
Intergovernmental	–	–	–	–	–	–	–	–	–
Total expenditures	6,707	53	–	71	–	7,020	2,146	16	270
Revenues in excess of (less than) expenditures	(439)	66	1,309	(4)	2	(304)	191	75	19
OTHER FINANCING SOURCES (USES):									
Transfers in	–	–	–	–	–	–	–	–	1
Transfers out	–	–	–	–	–	–	–	(59)	–
Refunding bonds issued	–	–	–	–	–	–	–	–	–
Payment to refunded bond escrow agent	–	–	–	–	–	–	–	–	–
Other financing sources (uses), net	–	–	–	–	–	–	–	(59)	1
Net change in fund balances	(439)	66	1,309	(4)	2	(304)	191	16	20
Fund balances – January 1	3,420	1,082	–	112	60	6,702	850	202	827
Fund balances – December 31	$ 2,981	1,148	1,309	108	62	6,398	1,041	218	847

Special Revenue Funds														
Sheriff Special State	Police Special Justice	Police Special Treasury	Police Special State	Crime Victims Assistance	DA Federal Asset Sharing	Corrections Inmate Welfare	Sheriff Inmate	E-911	Loganville EMS District	Recreation	Grant	Total	Debt Service	Total Other Governmental Funds
–	–	–	–	–	–	–	–	–	–	25,561	–	33,201	6,523	39,724
–	–	–	–	–	–	–	–	–	–	85	13,731	14,216	20	14,236
–	–	–	–	–	–	43	435	11,320	–	3,551	–	24,107	–	24,107
–	123	–	461	857	19	–	–	–	–	–	–	1,833	–	1,833
–	–	–	–	2	1	–	–	191	–	12	3	229	35	264
–	–	–	2	2	–	5	–	8	–	1,742	4,776	6,542	–	6,542
–	123	–	463	861	20	48	435	11,519	–	30,951	18,510	80,128	6,578	86,706
–	210	140	328	–	–	63	–	13,745	–	–	–	14,486	–	14,486
–	–	–	–	858	100	–	234	–	–	–	–	1,435	–	1,435
–	–	–	–	–	–	–	–	–	–	–	–	6,760	–	6,760
–	–	–	–	–	–	–	–	–	–	25,508	–	25,508	–	25,508
–	–	–	–	–	–	–	–	–	–	–	12,919	12,919	–	12,919
–	–	–	–	–	–	–	–	–	–	–	–	2,069	–	2,069
–	–	–	–	–	–	–	–	–	–	–	–	7,097	–	7,097
–	41	53	14	–	–	–	–	57	–	–	2,362	2,641	–	2,641
–	–	–	–	–	–	–	–	–	–	–	–	–	5,478	5,478
–	–	–	–	–	–	–	–	2,955	–	–	–	2,955	–	2,955
–	251	193	342	858	100	63	234	16,757	–	25,508	15,281	75,870	5,478	81,348
–	(128)	(193)	121	3	(80)	(15)	201	(5,238)	–	5,443	3,229	4,258	1,100	5,358
–	–	–	–	110	–	–	–	–	820	–	127	1,058	–	1,058
–	(359)	–	(21)	–	–	–	–	(55)	–	(1,195)	(116)	(1,805)	–	(1,805)
–	–	–	–	–	–	–	–	–	–	–	–	–	25,117	25,117
–	–	–	–	–	–	–	–	–	–	–	–	–	(24,818)	(24,818)
–	(359)	–	(21)	110	–	–	–	(55)	820	(1,195)	11	(747)	299	(448)
–	(487)	(193)	100	113	(80)	(15)	201	(5,293)	820	4,248	3,240	3,511	1,399	4,910
164	3,890	265	2,966	1,310	529	62	1,619	34,703	–	10,151	2,955	71,869	27,493	99,362
164	3,403	72	3,066	1,423	449	47	1,820	29,410	820	14,399	6,195	75,380	28,892	104,272


comprehensive annual
financial report
courts
debt service
police
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subsidies
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special revenue funds
water resources
planning and development
reconciliation
operating fund
adopted budget
community services
transportation
recreation fund
board of commissioners
enterprise
general fund
fire and emergency services
solicitor
service delivery funds
tax commissioner

Budgetary Compliance

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

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

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

Grant Fund
Schedule of revenues and expenditures – budget and actual



Special Revenue Funds Schedule of Revenues, Expenditures, and Changes In Fund Balances Budget and Actual (Budget Basis) Year Ended December 31, 2012

(in thousands of dollars)

	Street Lighting			Speed Hump		
	Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)
REVENUES:						
Taxes	$ –	–	–	–	–	–
Intergovernmental	–	–	–	–	–	–
Charges for services	6,167	6,266	99	115	119	4
Fines and forfeitures	–	–	–	–	–	–
Investment income	4	2	(2)	–	–	–
Miscellaneous	–	–	–	–	–	–
Total revenues	6,171	6,268	97	115	119	4
EXPENDITURES:						
Current operating:						
Public safety	–	–	–	–	–	–
Judiciary	–	–	–	–	–	–
Public works	7,421	6,707	714	58	53	5
Health and welfare	–	–	–	–	–	–
Culture and recreation	–	–	–	–	–	–
Tourism	–	–	–	–	–	–
Development authority	–	–	–	–	–	–
Total expenditures	7,421	6,707	714	58	53	5
Revenues in excess of (less than) expenditures	(1,250)	(439)	811	57	66	9
OTHER FINANCING SOURCES (USES):						
Transfers in	–	–	–	–	–	–
Transfers out	–	–	–	–	–	–
Other financing sources (uses), net	–	–	–	–	–	–
Revenues and other financing sources in excess of (less than) expenditures and other financing uses	(1,250)	(439)	811	57	66	9
Fund balance allocation	1,250	–	(1,250)	(57)	–	57
Fund balances – January 1	–	3,420	3,420	–	1,082	1,082
Fund balances – December 31	$ –	2,981	2,981	–	1,148	1,148

Authority Imaging			Juvenile Court Supervision			Tree Bank Fund			Tourism			Stadium		
Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)
–	–	–	–	–	–	–	–	–	6,409	6,699	290	750	941	191
–	–	–	–	–	–	–	–	–	–	–	–	400	400	–
1,631	1,308	(323)	77	67	(10)	27	2	(25)	–	–	–	941	996	55
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
1	1	–	–	–	–	–	–	–	19	17	(2)	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
1,632	1,309	(323)	77	67	(10)	27	2	(25)	6,428	6,716	288	2,091	2,337	246
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
1,632	–	1,632	106	71	35	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	27	–	27	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	2,140	2,069	71	–	–	–
–	–	–	–	–	–	–	–	–	4,949	4,951	(2)	2,163	2,146	17
1,632	–	1,632	106	71	35	27	–	27	7,089	7,020	69	2,163	2,146	17
–	1,309	1,309	(29)	(4)	25	–	2	2	(661)	(304)	357	(72)	191	263
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	(4)	–	–	–	–	–	–	–	–
–	–	–	–	–	–	(4)	–	–	–	–	–	–	–	–
–	1,309	1,309	(29)	(4)	25	(4)	2	6	(661)	(304)	357	(72)	191	263
–	–	–	29	–	(29)	4	–	(4)	661	–	(661)	72	–	(72)
–	–	–	–	112	112	–	60	60	–	6,702	6,702	–	850	850
–	1,309	1,309	–	108	108	–	62	62	–	6,398	6,398	–	1,041	1,041

continued…

Special Revenue Funds Schedule of Revenues, Expenditures, and Changes In Fund Balances Budget and Actual (Budget Basis) – *continued*
Year Ended December 31, 2012
(in thousands of dollars)

	Sheriff Special Justice			Sheriff Special Treasury		
	Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)
REVENUES:						
Taxes	$ –	–	–	–	–	–
Intergovernmental	–	–	–	–	–	–
Charges for services	–	–	–	–	–	–
Fines and forfeitures	84	84	–	288	288	–
Investment income	–	–	–	4	1	(3)
Miscellaneous	–	7	7	–	–	–
Total revenues	84	91	7	292	289	(3)
EXPENDITURES:						
Current operating:						
Public safety	–	–	–	–	–	–
Judiciary	225	16	209	1,090	270	820
Public works	–	–	–	–	–	–
Health and welfare	–	–	–	–	–	–
Culture and recreation	–	–	–	–	–	–
Tourism	–	–	–	–	–	–
Development authority	–	–	–	–	–	–
Total expenditures	225	16	209	1,090	270	820
Revenues in excess of (less than) expenditures	(141)	75	216	(798)	19	817
OTHER FINANCING SOURCES (USES):						
Transfers in	–	–	–	–	1	1
Transfers out	(60)	(59)	1	(1)	–	1
Other financing sources (uses), net	(60)	(59)	1	(1)	1	2
Revenues and other financing sources in excess of (less than) expenditures and other financing uses	(201)	16	217	(799)	20	819
Fund balance allocation	201	–	(201)	799	–	(799)
Fund balances – January 1	–	202	202	–	827	827
Fund balances – December 31	$ –	218	218	–	847	847

Sheriff Special State			Police Special Justice			Police Special Treasury			Police Special State			Crime Victims Assistance		
Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	124	123	(1)	–	–	–	460	461	1	832	857	25
–	–	–	–	–	–	–	–	–	–	–	–	2	2	–
–	–	–	–	–	–	–	–	–	1	2	1	1	2	1
–	–	–	124	123	(1)	–	–	–	461	463	2	835	861	26
–	–	–	1,359	251	1,108	264	193	71	1,005	342	663	–	–	–
164	–	164	–	–	–	–	–	–	–	–	–	1,156	858	298
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
164	–	164	1,359	251	1,108	264	193	71	1,005	342	663	1,156	858	298
(164)	–	164	(1,235)	(128)	1,107	(264)	(193)	71	(544)	121	665	(321)	3	324
–	–	–	–	–	–	–	–	–	–	–	–	110	110	–
–	–	–	(475)	(359)	116	–	–	–	(159)	(21)	138	–	–	–
–	–	–	(475)	(359)	116	–	–	–	(159)	(21)	138	110	110	–
(164)	–	164	(1,710)	(487)	1,223	(264)	(193)	71	(703)	100	803	(211)	113	324
164	–	(164)	1,710	–	(1,710)	264	–	(264)	703	–	(703)	211	–	(211)
–	164	164	–	3,890	3,890	–	265	265	–	2,966	2,966	–	1,310	1,310
–	164	164	–	3,403	3,403	–	72	72	–	3,066	3,066	–	1,423	1,423

continued…

Special Revenue Funds Schedule of Revenues, Expenditures, and Changes In Fund Balances Budget and Actual (Budget Basis) – *continued*
Year Ended December 31, 2012
(in thousands of dollars)

	District Attorney Federal Asset Sharing			Corrections Inmate Welfare		
	Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)
REVENUES:						
Taxes	$ –	–	–	–	–	–
Intergovernmental	–	–	–	–	–	–
Charges for services	–	–	–	53	43	(10)
Fines and forfeitures	20	19	(1)	–	–	–
Investment income	1	1	–	–	–	–
Miscellaneous	–	–	–	6	5	(1)
Total revenues	21	20	(1)	59	48	(11)
EXPENDITURES:						
Current operating:						
Public safety	–	–	–	99	63	36
Judiciary	206	100	106	–	–	–
Public works	–	–	–	–	–	–
Health and welfare	–	–	–	–	–	–
Culture and recreation	–	–	–	–	–	–
Tourism	–	–	–	–	–	–
Development authority	–	–	–	–	–	–
Total expenditures	206	100	106	99	63	36
Revenues in excess of (less than) expenditures	(185)	(80)	105	(40)	(15)	25
OTHER FINANCING SOURCES (USES):						
Transfers in	–	–	–	–	–	–
Transfers out	–	–	–	–	–	–
Other financing sources (uses), net	–	–	–	–	–	–
Revenues and other financing sources in excess of (less than) expenditures and other financing uses	(185)	(80)	105	(40)	(15)	25
Fund balance allocation	185	–	(185)	40	–	(40)
Fund balances – January 1	–	529	529	–	62	62
Fund balances – December 31	$ –	449	449	–	47	47

Sheriff Inmate			E-911			Loganville EMS			Recreation District		
Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)	Budget	Actual (non-GAAP Budget Basis)	Variance-positive (negative)
–	–	–	–	–	–	–	–	–	22,888	25,561	2,673
–	–	–	–	–	–	–	–	–	53	85	32
374	435	61	11,018	11,320	302	–	–	–	4,065	3,551	(514)
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	151	191	40	–	–	–	6	12	6
–	–	–	8	8	–	–	–	–	1,700	1,742	42
374	435	61	11,177	11,519	342	–	–	–	28,712	30,951	2,239
–	–	–	18,762	16,757	2,005	–	–	–	–	–	–
374	234	140	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	27,198	25,508	1,690
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–
374	234	140	18,762	16,757	2,005	–	–	–	27,198	25,508	1,690
–	201	201	(7,585)	(5,238)	2,347	–	–	–	1,514	5,443	3,929
–	–	–	–	–	–	820	820	–	–	–	–
–	–	–	(1,792)	(55)	1,737	–	–	–	(1,196)	(1,195)	1
–	–	–	(1,792)	(55)	1,737	820	820	–	(1,196)	(1,195)	1
–	201	201	(9,377)	(5,293)	4,084	820	820	–	318	4,248	3,930
–	–	–	9,377	–	(9,377)	(820)	–	820	(318)	–	318
–	1,619	1,619	–	34,703	34,703	–	–	–	–	10,151	10,151
–	1,820	1,820	–	29,410	29,410	–	820	820	–	14,399	14,399

Capital Projects Funds Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (Budget Basis) Year Ended December 31, 2012

(in thousands of dollars)

	2001 Sales Tax			2005 Sales Tax		
	Budget	Actual	Variance-positive (negative)	Budget	Actual	Variance-positive (negative)
REVENUES:						
Sales tax proceeds	$ –	–	–	–	–	–
Intergovernmental	–	–	–	15,530	15,530	–
Charges for services	–	–	–	–	–	–
Fines and forfeitures	–	–	–	–	–	–
Investment income	1,026	70	(956)	1,232	1,683	451
Miscellaneous	17	18	1	233	234	1
Total revenues	1,043	88	(955)	16,995	17,447	452
EXPENDITURES:						
Capital outlay	–	–	–	47,630	47,630	–
Total expenditures	–	–	–	47,630	47,630	–
Revenues in excess of (less than) expenditures	1,043	88	(955)	(30,635)	(30,183)	452
OTHER FINANCING SOURCES:						
Transfers in	–	–	–	240	240	–
Transfers out	(4,011)	(2,829)	1,182	(5,000)	(5,000)	–
Other financing sources, net	(4,011)	(2,829)	1,182	(4,760)	(4,760)	–
Revenues and other financing sources in excess of (less than) expenditures and other financing uses	(2,968)	(2,741)	227	(35,395)	(34,943)	452
Fund balance allocation	2,968	–	(2,968)	35,395	–	(35,395)
Fund balances – January 1	–	2,741	2,741	–	73,178	73,178
Fund balances – December 31	$ –	–	–	–	38,235	38,235

2009 Sales Tax			Other Capital Projects		
Budget	Actual	Variance-positive (negative)	Budget	Actual	Variance-positive (negative)
142,571	142,571	–	–	–	–
12,858	12,858	–	15	14	(1)
3	3	–	–	–	–
–	–	–	85	86	1
1,575	1,759	184	–	3	3
103	103	–	759	876	117
157,110	157,294	184	859	979	120
97,259	97,259	–	16,120	16,120	–
97,259	97,259	–	16,120	16,120	–
59,851	60,035	184	(15,261)	(15,141)	120
9,012	7,828	(1,184)	18,416	18,486	70
–	–	–	–	–	–
9,012	7,828	(1,184)	18,416	18,486	70
68,863	67,863	(1,000)	3,155	3,345	190
(68,863)	–	68,863	(3,155)	–	3,155
–	186,125	186,125	–	75,387	75,387
–	253,988	253,988	–	78,732	78,732

Debt Service Fund Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (Budget Basis) Year Ended December 31, 2012

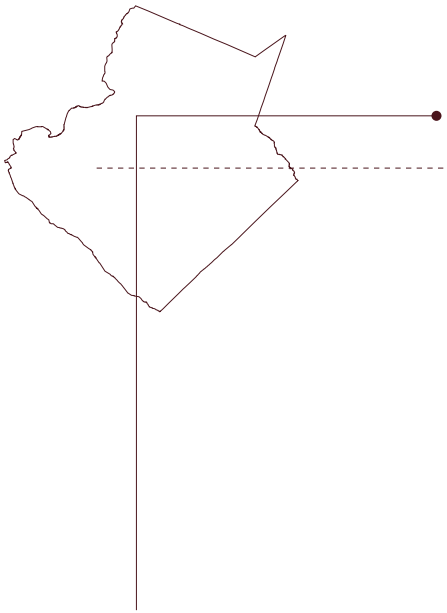
(in thousands of dollars)

	Debt Service Fund		
	Budget	Actual	Variance-positive (negative)
REVENUES:			
Taxes	$ 5,442	6,523	1,081
Intergovernmental	19	20	1
Investment income	25	35	10
Total revenues	5,486	6,578	1,092
EXPENDITURES:			
Debt service	5,526	5,478	48
Total expenditures	5,526	5,478	48
OTHER FINANCING SOURCES:			
Refunding bonds issued	25,117	25,117	–
Payment to refunded bond escrow agent	(24,818)	(24,818)	–
Other financing sources (uses), net	299	299	–
Revenues in excess of (less than) expenditures	259	1,399	1,140
Fund balance allocation	(259)	–	259
Fund balances – January 1	–	27,493	27,493
Fund balances – December 31	$ –	28,892	28,892

Grant Fund Schedule of Revenues and Expenditures Budget and Actual (Budget Basis) Year Ended December 31, 2012

(in thousands of dollars)

	Grant Fund		
	Budget	Actual (non-GAAP budget basis)	Variance-positive (negative)
REVENUES:			
Intergovernmental revenues	$ 47,055	19,732	(27,323)
Local revenues	2,811	5,804	2,993
Total revenues	49,866	25,536	(24,330)
EXPENDITURES:			
Program expenditures	49,866	22,299	27,567
Revenues in excess of (less than) expenditures	$ –	3,237	3,237



enterprise funds



Other Enterprise Funds

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

Solid Waste Fund
Solid Waste Funds are used to account 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
Transit Funds are used to account for the acquisition, improvement, maintenance, and operations of the Transit System. Revenues are derived from fares, federal and state grants, and local taxes. The Transit System began operations in 2001.

Other Enterprise Funds Combining Statement of Net Position December 31, 2012

(in thousands of dollars)

	Airport	Solid Waste	Transit	Total
ASSETS:				
Current assets:				
Cash and cash equivalents	$ 2,878	39,151	6,598	48,627
Investments	–	9,000	–	9,000
Receivables, net of allowance:				
Accounts	77	809	1,138	2,024
Total current assets	2,955	48,960	7,736	59,651
Noncurrent assets:				
Investments	–	3,118	–	3,118
Land and construction in progress	11,595	1,781	1,329	14,705
Other capital assets, net of depreciation	8,272	2,912	19,170	30,354
Total noncurrent assets	19,867	7,811	20,499	48,177
Total assets	22,822	56,771	28,235	107,828
LIABILITIES:				
Current liabilities:				
Accounts payable	23	3,358	2,279	5,660
Payroll payable	7	13	11	31
Accumulated leave benefits – current	12	18	8	38
Due to others	–	–	11	11
Unearned revenue	–	41,330	–	41,330
Total current liabilities	42	44,719	2,309	47,070
Noncurrent liabilities:				
Accumulated leave benefits – noncurrent	11	12	6	29
Total noncurrent liabilities	11	12	6	29
Total liabilities	53	44,731	2,315	47,099
NET POSITION:				
Net investment in capital assets	19,867	4,693	20,499	45,059
Unrestricted	2,902	7,347	5,421	15,670
Total net position	$ 22,769	12,040	25,920	60,729

Other Enterprise Funds Combining Statement of Revenues, Expenses, and Changes in Fund Net Position Year Ended December 31, 2012

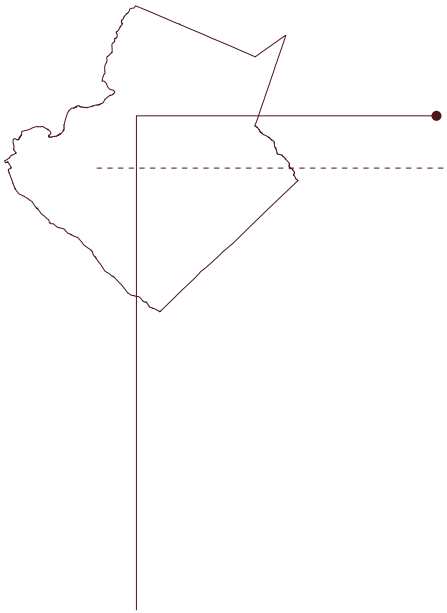
(in thousands of dollars)

	Airport	Solid Waste	Transit	Total
OPERATING REVENUES:				
Operating lease and rental income from individual hanger	$ 872	–	–	872
Intergovernmental	43	–	6,025	6,068
User fees and charges	–	41,928	4,696	46,624
Miscellaneous	4	1	149	154
Total operating revenues	919	41,929	10,870	53,718
OPERATING EXPENSES:				
Depreciation	433	86	3,639	4,158
Transit operations	–	–	14,333	14,333
General and administrative	752	40,018	–	40,770
Total operating expenses	1,185	40,104	17,972	59,261
Operating income (loss)	(266)	1,825	(7,102)	(5,543)
NON–OPERATING REVENUES (EXPENSES):				
Interest income	–	209	6	215
Investment income (loss)	–	(21)	–	(21)
Gain (loss) on disposal of capital assets	27	–	(961)	(934)
Total non–operating revenues (expenses)	27	188	(955)	(740)
Income (loss) before transfers	(239)	2,013	(8,057)	(6,283)
Transfer in	–	–	3,200	3,200
Change in net position	(239)	2,013	(4,857)	(3,083)
Net Position – January 1	23,008	10,027	30,777	63,812
Net Position – December 31	$ 22,769	12,040	25,920	60,729

Other Enterprise Funds Combining Statement of Cash Flows Year Ended December 31, 2012

(in thousands of dollars)

	Airport	Solid Waste	Transit	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 1,107	42,280	11,605	54,992
Cash payments to suppliers for goods and services	(473)	(39,162)	(14,208)	(53,843)
Cash payments to employees for services	(349)	(924)	(353)	(1,626)
Net cash flows provided/(required) by operating activities	285	2,194	(2,956)	(477)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from other funds	–	–	3,200	3,200
Net cash provided by noncapital activities	–	–	3,200	3,200
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(96)	(444)	(16)	(556)
Proceeds from the sale of capital assets	41	–	34	75
Net cash provided/(required) by capital and related financing activities	(55)	(444)	18	(481)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	–	209	6	215
Purchase of investments	–	(3,100)	–	(3,100)
Proceeds from the sale of investments	–	25,517	–	25,517
Net cash provided by investing activities	–	22,626	6	22,632
Net increase in cash and cash equivalents	230	24,376	268	24,874
Cash and cash equivalents at beginning of year	2,648	14,775	6,330	23,753
Cash and cash equivalents at end of year	$ 2,878	39,151	6,598	48,627
Reconciliation of operating income to net cash provided/(required) by operating activities:				
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income (loss)	$ (266)	1,825	(7,102)	(5,543)
Adjustments to reconcile operating income (loss) to net cash provided/(required) by operating activities:				
Depreciation	433	86	3,639	4,158
CHANGE IN ASSETS AND LIABILITIES:				
Decrease in receivables	188	367	735	1,290
Increase (decrease) in payables	(48)	168	(152)	(32)
(Decrease) in other liabilities	(22)	(252)	(76)	(350)
Net cash provided/(required) by operating activities	$ 285	2,194	(2,956)	(477)



internal service funds



Internal Service Funds

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

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

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

Automotive 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 is used to account for the activities of all central support departments: Information Technology Services, Support Services, Human Resources, Law, Financial Services, with the exception of the Tax Assessor, and County Administration, with the exception of the County Clerk and Board of Commissioners. These activities are funded by indirect cost charges to all other funds receiving benefits.

Internal Service Funds Combining Statement of Net Position December 31, 2012

(in thousands of dollars)

	Group Self-Insurance	Risk Management	Fleet Management	Auto Liability	Administrative Support	Total
ASSETS:						
Current assets:						
Cash and cash equivalents	$ 22,737	31,032	75	2,448	3,884	60,176
Investments	7,506	11,477	–	–	–	18,983
Receivables, net of allowance:						
Accounts	107	300	2,352	–	12	2,771
Inventories	–	–	744	–	–	744
Prepaid assets	–	–	–	–	4,092	4,092
Total current assets	30,350	42,809	3,171	2,448	7,988	86,766
Other capital assets, net of depreciation	–	–	34	–	16	50
Total assets	30,350	42,809	3,205	2,448	8,004	86,816
LIABILITIES:						
Current liabilities:						
Accounts payable	1,701	43	1,950	26	1,464	5,184
Accumulated leave benefits – current	9	21	91	–	1,015	1,136
Estimated claims payable – current	1,404	2,554	–	256	–	4,214
Due to others	–	–	–	–	13	13
Unearned revenue	13	–	–	–	–	13
Total current liabilities	3,127	2,618	2,041	282	2,492	10,560
Accumulated leave benefits – noncurrent	8	28	56	–	820	912
Estimated claims payable – noncurrent	–	6,987	–	473	–	7,460
Total liabilities	3,135	9,633	2,097	755	3,312	18,932
NET POSITION:						
Net investment in capital assets	–	–	34	–	16	50
Unrestricted	27,215	33,176	1,074	1,693	4,676	67,834
Total net position	$ 27,215	33,176	1,108	1,693	4,692	67,884

Internal Service Funds Combining Statement of Revenues, Expenses, and Changes in Fund Net Position Year Ended December 31, 2012

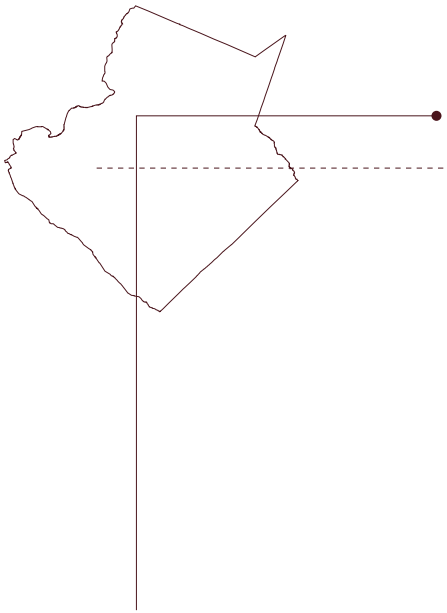
(in thousands of dollars)

	Group Self-Insurance	Risk Management	Fleet Management	Auto Liability	Administrative Support	Total
OPERATING REVENUES:						
Charges to other funds	$ 37,312	15,214	5,467	800	51,385	110,178
Employee contributions	5,498	–	–	–	–	5,498
Miscellaneous	279	10	344	–	1,802	2,435
Total operating revenues	43,089	15,224	5,811	800	53,187	118,111
OPERATING EXPENSES:						
Vehicle maintenance and repair	–	–	867	–	–	867
Benefit claims	15,488	4,854	–	762	–	21,104
Insurance premiums	22,044	2,902	–	–	–	24,946
Depreciation and amortization	–	–	9	–	1	10
General and administrative	2,707	1,714	4,616	87	48,395	57,519
Total operating expenses	40,239	9,470	5,492	849	48,396	104,446
Operating income (loss)	2,850	5,754	319	(49)	4,791	13,665
NON-OPERATING REVENUES:						
Interest income	142	105	–	1	–	248
Investment income	(25)	(1)	–	–	–	(26)
Total non-operating revenues	117	104	–	1	–	222
Income (loss) before transfers	2,967	5,858	319	(48)	4,791	13,887
Transfers out	–	–	(48)	–	(99)	(147)
Change in net position	2,967	5,858	271	(48)	4,692	13,740
Net position – January 1	24,248	27,318	837	1,741	–	54,144
Net position – December 31	$ 27,215	33,176	1,108	1,693	4,692	67,884

Internal Service Funds Combining Statement of Cash Flows Year Ended December 31, 2012

(in thousands of dollars)

	Group Self-Insurance	Risk Management	Fleet Management	Auto Liability	Administrative Support	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	$ 43,036	15,375	4,534	800	53,173	116,918
Cash payments to suppliers for goods and services	(3,136)	(1,423)	(2,757)	(61)	(23,004)	(30,381)
Cash payments to employees for services	(296)	(340)	(2,562)	–	(26,169)	(29,367)
Claims and premiums paid	(37,966)	(6,134)	–	(633)	–	(44,733)
Net cash flows provided/(required) by operating activities	1,638	7,478	(785)	106	4,000	12,437
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers (to) other funds	–	–	(48)	–	(99)	(147)
Net cash (required) by noncapital activities	–	–	(48)	–	(99)	(147)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition and construction of capital assets	–	–	–	–	(17)	(17)
Net cash (required) by capital and related financing activities	–	–	–	–	(17)	(17)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Net change in investment pools	9,992	(5,480)	–	–	–	4,512
Interest on investments	142	105	–	1	–	248
Net cash provided/(required) by investing activities	10,134	(5,375)	–	1	–	4,760
Net increase/(decrease) in cash and cash equivalents	11,772	2,103	(833)	107	3,884	17,033
Cash and cash equivalents at beginning of year	10,965	28,929	908	2,341	–	43,143
Cash and cash equivalents at end of year	$ 22,737	31,032	75	2,448	3,884	60,176
Reconciliation of operating income to net cash provided by operating activities:						
CASH FLOWS FROM OPERATING ACTIVITIES:						
Operating income (loss)	$ 2,850	5,754	319	(49)	4,791	13,665
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	–	–	9	–	1	10
CHANGE IN ASSETS AND LIABILITIES:						
(Increase) decrease in receivables	(66)	150	(1,277)	–	(12)	(1,205)
(Increase) decrease in prepaids	1	–	14	–	(4,092)	(4,077)
(Increase) in inventories	–	–	(53)	–	–	(53)
Increase (decrease) in payables	(732)	(74)	172	26	1,464	856
Increase (decrease) in other liabilities	(415)	1,648	31	129	1,848	3,241
Net cash provided/(required) by operating activities	$ 1,638	7,478	(785)	106	4,000	12,437



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, motor vehicle tag and title fees, fees for recording intangibles, etc., 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 inmate's behalf, which are disbursed to other parties on behalf of the inmate.

Pension (and Other Employee Benefit) Trust Funds Combining Statement of Plan Net Position December 31, 2012

(in thousands of dollars)

	Defined Benefit	OPEB	Total
ASSETS:			
Cash and cash equivalents	$ 25,749	3,868	29,617
Investments, at fair value:			
U.S. treasury bonds	52,170	6,321	58,491
Asset-backed securities	5,939	719	6,658
U.S. governmental agencies	69,362	8,403	77,765
Commercial mortgage-backed securities	10,096	1,223	11,319
Futures contracts	82	10	92
Corporate bonds	64,535	7,819	72,354
Collateralized mortgage obligations	6,648	805	7,453
Corporate equities	296,479	35,921	332,400
International government bonds	3,975	481	4,456
Non-U.S. corporate bonds	1,552	188	1,740
International equities	103,927	12,592	116,519
Mutual funds invested in equities	35,862	4,345	40,207
Preferred stock	675	82	757
Global fixed income	42,144	5,106	47,250
Taxable municipal bonds	957	116	1,073
Total investments	694,403	84,131	778,534
Securities lending collateral investment pool	52,209	6,328	58,537
Contributions receivable from employer	–	473	473
Prepaid assets	4,168	–	4,168
Total assets	776,529	94,800	871,329
LIABILITIES:			
Accounts payable	664	1,337	2,001
Liability for securities lending agreement	52,209	6,328	58,537
Total liabilities	52,873	7,665	60,538
Net position held in trust for pension and other employee benefits	$ 723,656	87,135	810,791

Pension (and Other Employee Benefit) Trust Funds Combining Statement of Changes in Plan Net Position Year Ended December 31, 2012

(in thousands of dollars)

	Defined Benefit	OPEB	Total
ADDITIONS			
Contributions:			
Employer	$ 55,181	16,877	72,058
Employee	8,232	5,220	13,452
Total contributions	63,413	22,097	85,510
Investment income:			
Net increase in the fair value of investments	60,096	6,854	66,950
Securities lending income	85	10	95
Interest and dividends	15,924	1,899	17,823
Total investment income	76,105	8,763	84,868
Investment expense	(2,880)	(340)	(3,220)
Securities lending expense	(15)	(2)	(17)
Net investment income	73,210	8,421	81,631
Total additions	136,623	30,518	167,141
DEDUCTIONS			
Benefits paid	46,922	5,693	52,615
Insurance premiums	–	5,350	5,350
Administrative expenses	745	457	1,202
Total deductions	47,667	11,500	59,167
Change in net position	88,956	19,018	107,974
Net position held in trust for pension and other employee benefits:			
Beginning of year	634,700	68,117	702,817
End of year	$ 723,656	87,135	810,791

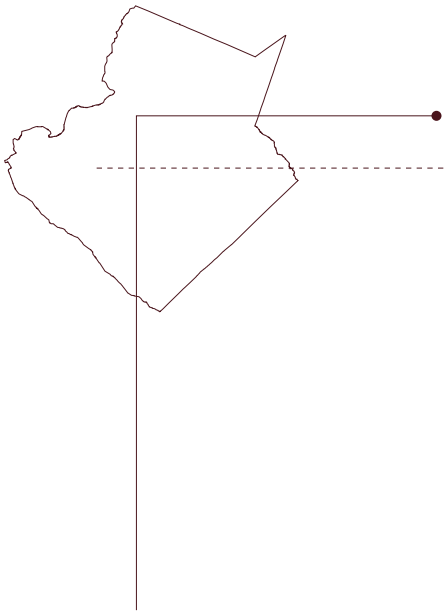
Agency Funds
Combining Statement of
Fiduciary Assets and Liabilities
December 31, 2012
(in thousands of dollars)

		Tax Commissioner	Clerk of Courts	Recorder's Court	Sheriff	Probate Court	Juvenile Court	Corrections	Total
ASSETS:									
Cash and cash equivalents	$	10,255	23,921	1,192	1,232	283	5	29	36,917
Taxes receivable		24,146	–	–	–	–	–	–	24,146
Total assets	$	34,401	23,921	1,192	1,232	283	5	29	61,063
LIABILITIES:									
Due to others	$	34,401	23,921	1,192	1,232	283	5	29	61,063
Total liabilities	$	34,401	23,921	1,192	1,232	283	5	29	61,063

Agency Funds Combining Statement of Changes in Fiduciary Assets and Liabilities Year Ended December 31, 2012

(in thousands of dollars)

	Balance January 1, 2012	Additions	Deductions	Balance December 31, 2012
TAX COMMISSIONER:				
Cash and cash equivalents	$ 7,368	560,663	557,776	10,255
Taxes receivable	38,071	352,770	366,695	24,146
Total	$ 45,439	913,433	924,471	34,401
Due to others	$ 45,439	913,433	924,471	34,401
CLERK OF COURTS:				
Cash and cash equivalents	$ 25,275	75,814	77,168	23,921
Due to others	$ 25,275	75,814	77,168	23,921
RECORDER'S COURT:				
Cash and cash equivalents	$ 836	4,764	4,408	1,192
Due to others	$ 836	4,764	4,408	1,192
SHERIFF:				
Cash and cash equivalents	$ 1,507	13,599	13,874	1,232
Due to others	$ 1,507	13,599	13,874	1,232
PROBATE COURT:				
Cash and cash equivalents	$ 125	604	446	283
Due to others	$ 125	604	446	283
JUVENILE COURT:				
Cash and cash equivalents	$ 4	46	45	5
Due to others	$ 4	46	45	5
CORRECTIONS:				
Cash and cash equivalents	$ 45	322	338	29
Due to others	$ 45	322	338	29
TOTAL:				
Cash and cash equivalents	$ 35,160	655,812	654,055	36,917
Taxes receivable	38,071	352,770	366,695	24,146
Total	$ 73,231	1,008,582	1,020,750	61,063
Due to others	$ 73,231	1,008,582	1,020,750	61,063



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.

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 ..... S1 – S5

Revenue Capacity

These schedules contain information to help the reader assess the County's most significant local revenue source: property tax ..... S6 – S9

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 ..... S10 – S13

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 ..... S14 – S15

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 ..... S16 – S18

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports for the relevant year. Due to significant State of Georgia chart of account changes implemented in 2005, the County is only reporting comparable financial statement information back to 2004 in the Statistical Section.

Net Position By Components – Last Nine Years (in thousands of dollars) (Accrual Basis of Accounting)

	2004	2005	2006	2007	2008	2009	2010	2011*	2012
Governmental activities									
Net investment in capital assets	$ 1,293,946	1,398,909	1,580,183	1,822,598	1,989,757	2,141,050	2,220,825	2,277,439	2,320,301
Restricted	693,897	721,891	666,243	357,674	306,184	272,928	283,828	365,299	398,100
Unrestricted	219,465	225,746	238,235	470,710	451,245	489,312	522,661	491,493	510,907
Total governmental activities net position	2,207,308	2,346,546	2,484,661	2,650,982	2,747,186	2,903,290	3,027,314	3,134,231	3,229,308
Business-type activities									
Net investment in capital assets	1,970,986	2,155,024	2,257,189	2,517,483	2,574,614	2,594,387	2,591,610	2,592,634	2,614,293
Restricted	24,989	26,364	25,083	25,199	27,388	33,268	37,072	38,926	25,392
Unrestricted	132,682	154,556	202,403	60,611	57,866	80,364	137,219	190,964	235,397
Total business-type activities net position	2,128,657	2,335,944	2,484,675	2,603,293	2,659,868	2,708,019	2,765,901	2,822,524	2,875,082
Primary government									
Net investment in capital assets	3,264,932	3,553,933	3,837,372	4,340,081	4,564,371	4,735,437	4,812,435	4,870,073	4,934,594
Restricted	718,886	748,255	691,326	382,873	333,572	306,196	320,900	404,225	423,492
Unrestricted	352,147	380,302	440,638	531,321	509,111	569,676	659,880	682,457	746,304
Total primary government net position	$ 4,335,965	4,682,490	4,969,336	5,254,275	5,407,054	5,611,309	5,793,215	5,956,755	6,104,390

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

Changes in Net Position – Last Nine Years (in thousands of dollars) (Accrual Basis of Accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses									
Governmental activities:									
General government	$ 60,789	65,846	72,728	74,921	77,529	77,808	96,653	97,991	57,690
Public safety	137,822	142,928	154,775	173,779	184,060	188,851	188,823	193,625	216,808
Judiciary	84,978	89,671	105,891	113,633	122,028	123,555	113,089	114,896	129,590
Public works	52,965	74,006	106,270	82,898	73,339	65,488	55,506	60,013	79,129
Health and welfare	11,328	7,495	7,408	12,640	12,861	12,336	11,528	11,762	7,081
Culture and recreation	39,166	44,069	54,967	57,032	68,260	67,369	69,493	69,252	67,090
Housing and development	16,845	17,244	15,004	18,247	20,596	20,971	25,374	18,098	18,908
Tourism	4,476	1,940	2,208	2,214	2,038	1,633	1,760	2,044	2,069
Development authority	2,169	2,182	2,251	2,580	2,843	4,853	6,675	4,367	4,947
Miscellaneous	3,536	4,676	–	–	–	–	–	–	–
Interest on long-term debt	3,794	2,397	2,128	4,263	5,983	1,111	2,661	2,659	1,921
Total governmental activities	417,868	452,454	523,630	542,207	569,537	563,975	571,562	574,707	585,233
Business-type activities:									
Water and sewer	144,853	156,557	172,985	197,612	201,974	200,687	209,840	213,048	236,249
Airport	1,490	1,716	1,940	2,103	1,912	2,000	1,811	2,359	1,150
Solid waste	524	347	425	489	2,573	1,427	20,910	40,438	39,210
Stormwater	20,959	22,617	24,728	25,455	29,466	28,268	28,032	31,804	27,126
Transit	11,391	13,719	12,375	14,184	15,749	15,606	15,533	18,235	18,486
Total business-type activities	179,217	194,956	212,453	239,843	251,674	247,988	276,126	305,884	322,221
Total primary government expenses	$ 597,085	647,410	736,083	782,050	821,211	811,963	847,688	880,591	907,454
Program revenues									
Governmental activities:									
Charges for services:									
General government	$ 44,357	33,725	30,991	22,340	14,578	23,795	18,301	25,682	8,751
Public safety	15,706	18,502	21,158	22,940	35,699	29,147	23,093	25,586	32,902
Judiciary	24,007	22,912	24,744	27,145	29,111	28,541	31,174	30,193	32,087
Public works	126	5,837	5,974	6,084	5,992	6,196	6,256	6,279	6,387
Health and welfare	–	67	–	–	–	1	137	110	23
Culture and recreation	3,542	3,651	2,895	3,368	3,918	4,505	4,499	4,480	4,547
Housing and development	–	9,091	8,866	6,145	3,922	2,441	8,818	7,928	8,457
Operating grants and contributions	14,711	13,231	17,039	15,866	12,068	30,052	33,739	18,005	16,074
Capital grants and contributions	18,886	18,246	17,726	24,611	15,054	13,407	11,182	20,193	32,853
Total governmental activities program revenues	121,335	125,262	129,393	128,499	120,342	138,085	137,199	138,456	142,081

Changes in Net Position – Last Nine Years (in thousands of dollars) (Accrual Basis of Accounting) *continued*

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-type activities:									
Charges for services:									
Water and sewer	164,700	178,105	185,505	202,960	189,959	208,805	240,966	260,226	271,289
Airport	739	626	628	858	850	832	827	866	903
Solid waste	724	–	–	–	1,340	1,113	20,740	41,131	41,929
Stormwater	1,080	991	8,694	16,045	25,095	30,326	29,973	30,494	30,863
Transit	1,874	2,551	3,505	3,035	4,337	4,319	4,274	5,011	4,845
Operating grants and contributions	–	–	2,506	4,212	5,270	4,896	5,740	6,605	5,946
Capital grants and contributions	138,547	191,836	124,225	113,894	68,179	33,811	18,616	17,571	14,209
Total business-type activities program revenues	307,664	374,109	325,063	341,004	295,030	284,102	321,136	361,904	369,984
Total primary government program revenues	$ 428,999	499,371	454,456	469,503	415,372	422,187	458,335	500,360	512,065
Net (expense)/revenue									
Governmental activities	(296,533)	(327,192)	(394,237)	(413,708)	(449,195)	(425,890)	(434,363)	(436,251)	(443,152)
Business-type activities	128,447	179,153	112,610	101,161	43,356	36,114	45,010	56,020	47,763
Total primary government net expenses	$(168,086)	(148,039)	(281,627)	(312,547)	(405,839)	(389,776)	(389,353)	(380,231)	(395,389)
General revenues and other changes in net position									
Governmental activities:									
Taxes:									
Property taxes	259,363	277,441	304,215	328,612	325,417	403,235	363,744	336,256	324,081
Sales taxes	131,831	140,972	155,941	152,528	138,756	122,714	128,594	134,752	142,571
Other taxes	37,639	39,576	40,239	56,215	55,249	51,971	54,363	64,284	64,063
Investment income	12,768	24,561	41,055	42,626	24,418	6,571	6,485	1,998	1,246
Miscellaneous	6,866	3,735	6,077	5,386	7,516	4,361	10,093	11,588	10,260
Transfers	(22,520)	(19,855)	(15,175)	(5,338)	(5,957)	(6,858)	(4,892)	(5,161)	(3,992)
Total governmental activities	425,947	466,430	532,352	580,029	545,399	581,994	558,387	543,717	538,229
Business-type activities:									
Investment income	2,782	5,694	13,642	7,426	2,466	189	346	1,044	803
Miscellaneous	1,929	2,585	7,304	4,693	684	4,990	7,634	–	
Extraordinary item	–	–	–	–	4,112	–	–	–	–
Transfers	22,520	19,855	15,175	5,338	5,957	6,858	4,892	5,161	3,992
Total business-type activities	27,231	28,134	36,121	17,457	13,219	12,037	12,872	6,205	4,795
Total primary government	$ 453,178	494,564	568,473	597,486	558,618	594,031	571,259	549,922	543,024
Changes in net position									
Governmental activities	129,414	139,238	138,115	166,321	96,204	156,104	124,024	107,466	95,077
Business-type activities	155,678	207,287	148,731	118,618	56,575	48,151	57,882	62,225	52,558
Total primary government	$ 285,092	346,525	286,846	284,939	152,779	204,255	181,906	169,691	147,635

Fund Balances, Governmental Funds – Last Nine Years (in thousands of dollars) (Modified Accrual Basis of Accounting)

	2004	2005	2006	2007	2008	2009	2010
General fund							
Reserved	$ 4,354	2,801	3,915	3,848	4,614	3,451	5,695
Unreserved	96,525	130,340	144,441	148,220	109,382	114,719	142,258
Total general fund	100,879	133,141	148,356	152,068	113,996	118,170	147,953
All other governmental funds							
Reserved	136,534	15,311	15,971	21,376	9,487	11,311	5,086
Unreserved, reported in							
Special revenue funds	107,373	60,145	67,022	63,300	54,272	56,338	67,502
Capital project funds	478,856	576,961	502,020	397,465	365,607	293,259	307,259
Debt service funds	22,342	9,110	9,550	10,394	23,518	23,952	33,980
Parking deck project	–	–	–	6,000	6,192	1,135	220
Total all other governmental funds	745,105	661,527	594,563	498,535	459,076	385,995	414,047
Total	$ 845,984	794,668	742,919	650,603	573,072	504,165	562,000

	2011	2012
General fund		
Nonspendable	$ 7,204	2,232
Assigned	–	42,636
Unassigned	164,650	129,503
Total general fund	171,854	174,371
All other governmental funds		
Nonspendable	217	298
Restricted	362,990	396,810
Committed	60	62
Assigned	75,493	78,719
Total all other governmental funds	438,760	475,889
Total	$ 610,614	650,260

Fund Balance reporting changed in 2011 per GASB 54.

Changes in Fund Balances, Governmental Funds – Last Nine Years (in thousands of dollars) (Modified Accrual Basis of Accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:									
Taxes	$ 435,619	442,762	504,733	534,320	512,595	515,608	601,982	537,267	539,344
Permits and licenses	25,525	22,590	23,990	11,072	8,611	6,626	8,266	7,465	8,009
Intergovernmental	20,080	17,619	20,289	18,981	18,197	41,715	42,662	27,331	45,727
Charges for services	45,234	55,775	57,112	62,909	75,691	71,319	63,013	75,514	67,125
Fines and forfeitures	12,483	12,345	13,526	14,049	14,843	16,731	21,053	15,433	16,009
Investment income	11,684	22,716	38,354	40,214	22,401	6,216	6,072	4,936	3,348
Miscellaneous	6,866	6,261	7,022	7,759	9,764	7,190	12,007	12,450	10,189
Total revenues	557,491	580,068	665,026	689,304	662,102	665,405	755,055	680,396	689,751
Expenditures:									
General government	45,510	58,117	58,879	74,823	72,316	65,329	93,475	87,267	36,577
Public safety	130,889	138,885	145,864	160,829	171,716	179,492	176,088	175,397	196,917
Judiciary	80,716	92,058	105,055	110,023	117,798	121,894	120,098	116,534	129,630
Public works	19,424	20,056	21,988	22,866	22,958	21,489	19,360	20,007	21,256
Health and welfare	6,292	7,560	7,589	12,566	12,814	12,561	12,473	11,749	6,787
Culture and recreation	35,442	38,591	42,416	42,615	47,048	47,646	54,477	44,230	43,015
Housing and development	11,344	11,907	11,426	13,095	13,650	10,062	8,332	7,890	8,703
Miscellaneous	4,202	551	799	–	–	–	–	–	–
Tourism	2,000	1,940	2,208	2,214	2,038	1,633	1,760	2,044	2,069
Development authority	2,169	2,182	3,656	4,045	4,763	7,465	8,905	6,057	7,097
Grant programs	7,545	6,620	5,622	6,042	8,217	12,881	22,953	14,961	12,919
Capital outlay	146,382	219,291	282,219	311,565	283,161	223,577	138,448	130,741	141,153
Debt service:									
Principal	9,360	9,565	9,845	12,251	12,730	13,255	13,847	11,870	3,380
Interest	4,448	4,203	3,946	4,079	3,582	3,078	2,608	2,102	1,845
Issuance cost	–	–	–	–	–	–	–	–	253
Intergovernmental	–	–	–	–	–	19,816	19,313	22,041	35,895
Total expenditures	505,723	611,526	701,512	777,013	772,791	740,178	692,137	652,890	647,496
Excess (deficiency) of revenues over expenditures	51,768	(31,458)	(36,486)	(87,709)	(110,689)	(74,773)	62,918	27,506	42,255
Other financing sources/(uses):									
Transfer in	30,061	31,040	18,399	20,922	85,606	9,962	34,495	53,766	27,873
Transfer out	(52,581)	(50,895)	(33,662)	(25,529)	(89,333)	(12,813)	(39,578)	(32,658)	(30,781)
Proceeds from capital lease obligations	–	–	–	–	36,885	8,717	–	–	–
Refunding bonds issues	–	–	–	–	–	–	–	–	25,117
Payment to refunded bond escrow agent	–	–	–	–	–	–	–	–	(24,818)
Total other financing sources/(uses)	(22,520)	(19,855)	(15,263)	(4,607)	33,158	5,866	(5,083)	21,108	(2,609)
Net change in fund balances	$ 29,248	(51,313)	(51,749)	(92,316)	(77,531)	(68,907)	57,835	48,614	39,646
Debt service as a percentage of noncapital expenditures	4.0%	3.6%	3.3%	3.5%	3.4%	3.4%	3.0%	2.7%	1.1%

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*					
2003	13,055,804,380	5,637,445,160	641,260,167	1,958,612,800	3,085,229,010	3,785,724,988	20,592,626,529	11.50	51,481,566,323	40%
2004	14,445,717,520	5,856,853,840	657,607,367	1,960,787,080	2,969,656,260	4,184,612,558	21,706,009,509	11.47	54,265,023,773	40%
2005	15,476,738,817	6,136,046,299	675,505,950	1,935,290,900	3,177,314,281	4,258,466,874	23,142,429,373	11.47	57,856,073,433	40%
2006	17,138,866,772	6,912,104,174	636,083,282	1,894,747,650	3,364,490,860	4,773,455,867	25,172,836,871	11.30	62,932,092,178	40%
2007	19,110,676,313	7,620,660,544	711,286,124	2,100,293,790	3,553,418,546	5,521,193,379	27,575,141,938	11.08	68,937,854,845	40%
2008	20,154,776,093	8,232,413,573	724,878,956	2,203,612,510	3,685,145,915	5,647,694,750	29,353,132,297	10.97	73,382,830,743	40%
2009	19,601,892,754	8,007,858,323	727,273,050	2,244,806,130	3,704,242,078	5,285,098,686	29,000,973,649	13.25	72,502,434,123	40%
2010	17,636,924,358	7,328,942,258	737,159,776	1,947,193,360	3,363,021,476	4,365,881,271	26,647,359,957	13.25	66,618,399,893	40%
2011	16,141,004,129	6,740,985,809	230,889,940	2,014,195,700	3,775,921,060	3,916,558,267	24,986,438,371	13.02	62,466,095,928	40%
2012	14,858,737,855	6,546,141,287	225,585,016	2,024,864,660	3,983,958,784	3,767,877,476	23,871,410,126	13.02	59,678,525,315	40%

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)

Jurisdiction:	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
County										
Maintenance and Operations:										
Unincorporated	8.29	8.27	10.14	10.00	9.81	9.72	11.78	11.78	11.78	11.78
Municipalities	8.29	8.27	10.14	10.00	9.81	9.72	11.78	11.78	11.78	11.78
Debt Service	0.49	0.49	0.49	0.48	0.47	0.46	0.47	0.47	0.24	0.24
Fire Protection	1.87	1.87	–	–	–	–	–	–	–	–
Recreation	0.85	0.84	0.84	0.82	0.80	0.79	1.00	1.00	1.00	1.00
Total County – Unincorporated	11.50	11.47	11.47	11.30	11.08	10.97	13.25	13.25	13.02	13.02
Total County – Municipalities	11.50	11.47	11.47	11.30	11.08	10.97	13.25	13.25	13.02	13.02
School										
Maintenance and Operations	18.87	18.87	19.25	19.25	19.25	19.25	19.25	19.25	19.25	19.25
Debt Service	1.43	1.43	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30
Total School	20.30	20.30	20.55	20.55	20.55	20.55	20.55	20.55	20.55	20.55
State	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.20
Total Unincorporated	32.05	32.02	32.27	32.10	31.88	31.77	34.05	34.05	33.82	33.77
Total Municipalities	32.05	32.02	32.27	32.10	31.88	31.77	34.05	34.05	33.82	33.77

Source: Budget Division – Tax Levy Resolution



Principal Property Tax Payers – Current Year and Nine Years Ago

	2012			2003		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Georgia Power	$ 134,366,440	1	0.56%	$ 75,254,800	3	0.34%
Publix	118,583,150	2	0.50%	60,843,260	4	0.27%
AT&T Communications*	109,867,400	3	0.46%	118,446,129	1	0.52%
Wal-Mart	101,235,870	4	0.42%	–	–	–
Cisco, formerly Scientific Atlanta Inc.	83,342,020	5	0.35%	60,665,190	5	0.27%
Mall of Georgia LLC	81,140,200	6	0.34%	81,002,400	2	0.36%
Jackson EMC	68,608,120	7	0.29%	53,126,200	7	0.24%
Atlanta Gas Light	41,285,840	8	0.17%	–	–	–
Georgia Transmission Corporation	39,200,360	9	0.16%	–	–	–
La Forum Peachtree LLC	39,000,000	10	0.16%	–	–	–
Sugarloaf Mills LTD Partnership				53,128,600	6	0.24%
Weeks Realty LP				48,778,360	8	0.22%
Gwinnett Prado LP				38,598,970	9	0.17%
OFS (Formerly Lucent Technologies)				38,396,230	10	0.17%

** AT&T's 2012 Temp Taxes based on Appealed Value*

Sources: 1) The final tax digest dated 02/13/2012 which is the state certified digest updated with additional adjustments made during the year. 2) Report provided by the Tax Assessor's Office. 3) Values are Net Digest less motor vehicle, mobile homes, cut timber, and heavy duty.

Property Tax Levies and Collections – Last Ten Fiscal Years

Fiscal Year Ended Dec. 31,	Taxes Levied for the Fiscal Year*	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	$ 598,756,674	$ 570,046,324	95.0%	$ 28,607,666	$ 598,653,991	100.0%
2004	638,842,309	623,423,054	97.4%	15,146,455	638,569,510	100.0%
2005	686,429,389	632,855,849	91.3%	53,368,065	686,223,914	100.0%
2006	754,050,311	712,381,318	91.7%	41,295,375	753,676,692	100.0%
2007	826,776,421	781,880,719	93.7%	44,492,357	826,373,076	100.0%
2008	876,125,596	819,605,181	92.7%	55,906,611	875,511,792	99.9%
2009	952,315,872	829,546,868	92.7%	121,253,642	950,800,510	99.8%
2010	867,410,252	810,612,693	93.2%	53,434,264	864,046,957	99.6%
2011	793,647,569	755,883,258	95.1%	31,581,046	787,464,303	99.2%
2012	749,780,192	722,927,859	96.4%	–	722,927,859	96.4%

* Reflects original digest net of all digest corrections to date

Includes all rolls, tax only
No Street Lighting, Speed Humps, Stormwater or Solid Waste
The 2009 levies include $60.1 million of additional taxes billed in March 2010.

Ratios of Outstanding Debt by Type – Last Ten Fiscal Years
(in thousands of dollars except Population and Net Bonded Debt Per Capita)

Fiscal Year Ended Dec. 31,	Population	Governmental Activities: Gwinnett County General Obligation Debt: Gross General Obligation Bonds	Percentage of Assessed Property Value	Per Capita	Revenue Bonds	Lease Payable
2003	663,391	135,325	0.66%	203.99	14,440	–
2004	687,468	125,965	0.58%	183.23	12,725	65,000
2005	710,978	116,400	0.50%	163.72	10,915	65,000
2006	740,267	106,555	0.42%	143.94	8,990	63,595
2007	764,129	96,350	0.35%	126.09	6,945	62,130
2008	780,721	85,790	0.29%	109.89	4,775	97,095
2009	796,276	74,845	0.26%	93.99	2,465	103,200
2010	808,291	63,465	0.24%	78.52	–	96,420
2011	824,941	51,595	0.21%	62.54	–	94,730
2012	837,873	46,385	0.19%	55.36	–	92,580

Fiscal Year Ended Dec. 31,	Business-Type Activities: Water & Sewer Bonds	Notes Payable	Lease Payable	Total Primary Government	Percentage of Personal Income	Per Capita
2003	743,852	3,125	–	896,742	4.31%	1,351.75
2004	842,346	2,663	–	1,048,699	4.82%	1,525.45
2005	829,895	2,235	–	1,024,445	4.36%	1,440.90
2006	810,200	1,790	–	991,130	3.94%	1,338.88
2007	784,419	10,174	–	960,018	3.65%	1,256.36
2008	947,218	29,194	1,317	1,165,389	4.37%	1,492.71
2009	1,060,088	57,549	822	1,298,969	5.16%	1,631.30
2010	1,021,565	56,548	–	1,237,998	4.81%	1,531.62
2011	969,515	55,103	–	1,170,943	4.32%	1,419.43
2012	922,265	52,750	–	1,113,980	Not yet available	1,329.53

Sources: Population updated annually using U.S. Census data. 2012 population estimate is from Moody's Analytics Forecast. Personal income is obtained from the U.S. Bureau of Economic Analysis. Debt information is from CAFR Financial Statements and ***Note 8*** to Financial Statements.

Legal Debt Margin Information – Last Ten Fiscal Years (in thousands of dollars)

	Fiscal Year Ended December 31,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	$2,059,263	$2,170,601	$2,314,243	$2,517,284	$2,757,514	$2,935,313	$2,900,097	$2,664,736	$2,498,644	$2,387,141
Total net debt applicable to limit	113,699	103,623	95,397	84,902	73,692	62,272	50,893	29,485	24,102	17,493
Legal debt margin	1,945,564	2,066,978	2,218,846	2,432,382	2,683,822	2,873,041	2,849,204	2,635,251	2,474,542	2,369,648
Total net debt applicable to the limit as a percentage of debt limit	5.5%	4.8%	4.1%	3.4%	2.7%	2.2%	1.8%	1.1%	1.0%	0.7%

Legal debt margin calculation for fiscal year 2012

Assessed value		$ 23,871,410
Debt limit (10%) of assessed value		2,387,141
Debt applicable to limit:		
General obligation bonds	46,385	
Less: amount set aside for repayment of general obligation debt	28,892	
Total net debt applicable to limit		17,493
Legal debt margin		$ 2,369,648

Pledged-Revenue Coverage – Water and Sewerage – Last Ten Fiscal Years (in thousands of dollars)

Fiscal Year	Operating Revenue	Less: Operating Expenses[1]	Plus: Investment Income and Other[2]	Net Revenue Available	Debt Service			Coverage	Required Coverage
					Principal	Interest	Total		
2003	158,733	79,045	4,839	84,527	25,100	29,715	54,815	1.54	1.2
2004	166,393	80,163	2,275	88,505	26,465	33,216	59,681	1.48	1.2
2005	179,567	84,381	4,573	99,759	27,710	30,859	58,569	1.70	1.2
2006	192,824	85,313	12,115	119,626	30,105	29,696	59,801	2.00	1.2
2007	206,450	94,813	6,158	117,795	30,845	29,925	60,770	1.94	1.2
2008	194,286	98,263	2,054	98,077	30,935	31,283	62,218	1.58	1.2
2009	213,484	97,020	127	116,591	28,970	36,829	65,799	1.77	1.2
2010	253,931	103,460	402	150,873	39,315	44,212	83,527	1.81	1.2
2011	261,893	106,328	542	156,107	45,305	40,029	85,334	1.83	1.2
2012	271,875	109,574	556	162,857	47,250	41,398	88,648	1.84	1.2

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)

		Percent Applicable to Gwinnett County
Direct Debt:		
General Obligation Debt	$ 46,385	100%
Total Direct Debt	46,385	
Overlapping General Obligation Debt:		
Gwinnett County School District	912,695	100%
Municipalities within Gwinnett County*	29,340	100%
Total Overlapping General Obligation Debt	942,035	
Total Direct and Overlapping General Obligation Debt	$ 988,420	

* Based upon individual city's audit information for fiscal year 2011.

Demographic and Economic Statistics – Last Ten Fiscal Years

Year	Population	Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Unemployment Rate
2003	663,391	$ 20,808,229	$ 31,366	4.4%
2004	687,468	21,749,048	31,636	4.2%
2005	710,978	23,470,205	33,011	4.6%
2006	740,267	25,147,545	33,971	4.2%
2007	764,129	26,268,514	34,377	4.1%
2008	780,721	26,697,771	34,173	5.6%
2009	796,276	25,156,449	31,593	8.9%
2010	808,291	25,716,817	31,816	9.0%
2011	824,941	27,108,076	32,861	8.5%
2012	837,873	Not yet available	Not yet available	7.8%

Sources: 2003-2011 population and income data from U.S. Census and Bureau of Economic Analysis. Population estimates reflect the U.S. Census's annually adjusted July 1 estimates. 2012 population estimate from Moody's Analytics Forecast. Unemployment rates from Georgia Department of Labor.

Principal Employers – Current Year and Nine Years Ago

	2012			2003		
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Gwinnett County Public Schools	19,477	1	4.8%	16,825	1	4.7%
Gwinnett County Government*	4,812	2	1.2%	4,152	2	1.2%
Gwinnett Health Care System	3,426	3	0.8%	4,000	3	1.1%
Wal-Mart	2,850	4	0.7%	3,067	4	0.9%
Publix**	2,545	5	0.6%	1,788***	7	0.5%
State of Georgia (includes GGC and UGA SAT Campus)	2,345	6	0.6%	1,760	8	0.5%
Kroger**	2,208	7	0.5%			
Cisco, previously Scientific Atlanta Inc.	1,917	8	0.5%	1,525	9	0.4%
Primerica	1,569	9	0.4%	1,800	6	0.5%
U.S. Postal Service	1,568	10	0.4%	2,440	5	0.7%
Home Depot				1,190	10	0.3%

Sources: Gwinnett County Department of Financial Services, last updated Q1 2013. Estimates based on full-time employees (part-time, temporary and contract employees excluded). 2003 principal employers obtained from page S-29 of the 2003 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 2012 and 2003.

** Based on total authorized positions as of December 31, 2012 and December 31, 2003.*
*** 2012 estimates derived from business license data.*
**** Based on full-time equivalent employees.*

Full-Time Equivalent County Employees By Function – Last Ten Fiscal Years

	Fiscal Year Ended December 31,									
Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government	567	558	571	575	571	569	538	556	538	555
Public safety:										
Police	810	857	927	951	1,013	1,048	1,041	1,066	1,068	1,065
Fire	637	654	674	713	757	766	784	844	844	844
Corrections	127	139	141	142	142	142	125	139	134	134
Sheriff	421	429	540	621	686	688	701	706	706	706
Judiciary	379	382	400	415	436	452	466	466	482	469
Transportation	177	178	179	179	181	181	156	148	149	145
Community services	207	218	230	241	251	270	229	245	242	241
Water resources	584	598	600	606	630	646	608	577	576	593
Planning and development	137	139	143	143	131	131	66	81	76	60
Total	4,046	4,152	4,405	4,586	4,798	4,893	4,714	4,828	4,815	4,812

Source: Department of Financial Services, Budget Group

Operating Indicators By Function – Last Ten Fiscal Years

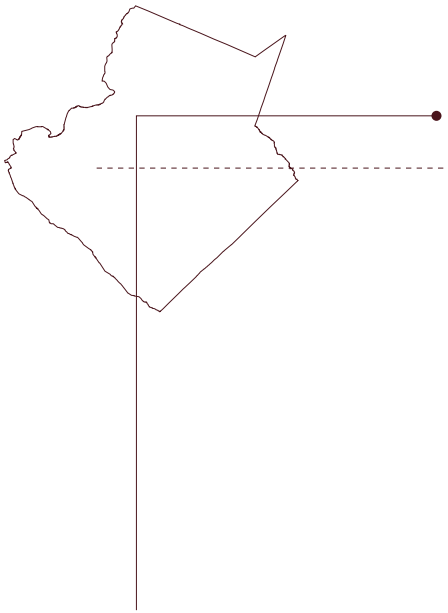
	Fiscal Year Ended December 31,									
Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
General calls	331,035	359,362	373,813	360,690	466,762	532,440	528,813	498,703	451,551	441,408
Traffic calls	147,819	159,754	140,657	149,291	184,076	192,095	211,345	203,910	207,904	205,281
Officers/1,000 population	0.83	0.85	0.86	0.99	1.06	1.07	1.00	1.03	1.00	0.97
Fire										
Calls answered	42,046	47,343	56,377	61,886	64,541	63,655	65,722	62,995	64,450	66,757
Inspections	9,534	12,480	12,355	12,406	10,017	13,835	16,612	11,375	14,063	11,833
Transportation										
Street resurfacing (miles)	115	113	115	110	85	60	105	90	80	130
Parks and recreation										
Classes/programs/camps/events	4,556	4,692	4,803	4,643	5,616	6,259	6,660	6,581	6,047	6,313
Number of facility & pavilion rentals	1,846	2,842	3,801	4,457	6,073	9,268	24,122	14,283	11,298	11,781
Number of pool admissions & passes	339,998	394,596	415,242	400,014	445,000	586,009	570,090	522,322	575,000	541,000
Number of senior citizens one-way passenger trips	32,904	37,967	32,374	38,232	39,687	39,472	30,456	35,543	32,424	36,173
Water										
Plant capacity (mgd)	150	225	225	225	225	225	225	225	225	225
Average daily consumption (mgd)	76.0	82.6	80.7	87.4	86.9	71.9	71.3	74.7	74.4	71.7
Maximum daily pumpage (mgd)	106.0	112.8	113.3	129.8	126.3	87.9	103.1	99.8	101.4	113.1
Water meters installed	8,538	8,707	8,773	7,290	4,705	1,557	620	977	946	1,417
Miles of water mains installed	81	65	94	94	81	45	18	6	17	18
Number of customers	203,657	211,723	220,856	230,752	234,447	233,675	228,807	227,356	228,213	230,652
Sewer										
Average annual daily flow (mgd)	50	51	52	51	49	50	53	53	50	49
Number of customers	120,967	128,121	135,311	138,284	141,807	146,267	146,276	147,637	148,714	150,951
Miles of sewer mains installed	74	125	159	111	116	46	23	7	11	5
Transit										
Total passengers	985,566	1,571,434	1,858,670	1,917,854	1,937,832	2,103,565	2,319,495	2,117,106	2,264,769	2,026,533

Source: County operating departments

Capital Asset Statistics By Function – Last Ten Years

	Fiscal Year Ended December 31,									
Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police precincts/stations	9	9	10	10	12	12	12	11	11	11
Fire stations	24	24	25	26	27	28	28	30	30	30
Transportation										
Miles county maintained roads	2,464	2,464	2,650	2,700	2,750	2,750	2,750	2,750	2,750	2,750
Streetlights maintained	39,734	41,953	45,000	46,421	47,637	48,161	48,643	48,774	48,539	48,697
Traffic signals maintained	570	590	610	612	626	643	653	666	675	685
Parks and recreation										
Acreage total	7,572	7,781	8,062	8,247	8,602	8,695	8,849	8,988	8,992	8,978
Competition and Leisure/Play Pools	8	11	11	12	14	17	17	17	17	17
Sports Fields	109	122	124	135	139	149	150	150	150	154
Tennis courts	34	35	39	41	43	47	51	51	51	51
Playgrounds	30	32	35	36	42	47	52	52	61	63
Libraries	11	11	12	14	14	14	14	15	15	15
Library circulation	6,100,381	6,172,537	6,376,188	6,158,664	6,491,745	7,102,215	7,526,750	7,038,931	7,667,758	7,190,798
Water										
Miles of water mains	3,056	3,121	3,215	3,300	3,346	3,399	3,408	3,411	3,665	3,667
Fire hydrants	34,841	35,515	37,484	38,916	40,038	40,614	40,805	40,877	41,642	41,749
Raw water storage (mgd)	37	45	45	45	45	45	45	45	45	45
Sewer										
Miles of sewer mains	2,084	2,210	2,368	2,480	2,595	2,640	2,663	2,670	2,650	2,654
Miles of storm sewers				810	1,096	1,296	1,307	1,317	1,327	1,292
Treatment capacity (mgd)	64.1	64.1	64.1	71.6	71.6	71.62	67.12	102.62	103.00	100.50
Transit buses	63	63	63	67	67	76	85	96	96	98

Source: County operating departments



single audit section





Single Audit Section
December 31, 2012

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Schedule of Expenditures of Federal, State, and Local Awards SA-4

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Schedule of Expenditures of Federal, State, and Local Awards – Year ended December 31, 2012

Title	CFDA	Grantor Program Number	Grantee Number	From Date	To Date
U.S. Department of Housing and Urban Development					
Community Development Block Grants Cluster	14.218	CDBG-2005	B-05-UC-13-0004	1/1/05	7/31/12
Community Development Block Grants Cluster	14.218	CDBG-2006	B-06-UC-13-0004	1/1/06	6/30/13
Community Development Block Grants Cluster	14.218	CDBG-2007	B-07-UC-13-0004	1/1/07	12/31/13
Community Development Block Grants Cluster	14.218	CDBG-2008	B-08-UC-13-0004	1/1/08	12/31/13
Community Development Block Grants Cluster	14.218	CDBG-2009	B-09-UC-13-0004	1/1/09	12/31/13
Community Development Block Grants Cluster	14.218	CDBG-2010	B-10-UC-13-0004	1/1/10	12/31/15
Community Development Block Grants Cluster	14.218	CDBG-2011	B-11-UC-13-0004	1/1/11	12/31/15
Community Development Block Grants Cluster	14.218	CDBG-2012	B-12-UC-13-0004	1/1/12	12/31/17
Community Development Block Grants Cluster	14.218	NSP HUD 2008 REVISED	B-08-UN-13-0005	11/18/08	7/30/13
Community Development Block Grants Cluster	14.218	NSP3 HUD 2011	B-11-UN-13-0005	3/15/11	3/4/14
SUBTOTAL – Community Development Block Grants Cluster					
Community Development Block Grants/State's Program	14.228	NSP DCA-2008	08-NS-5063	11/18/08	9/5/13
Community Development Block Grants/State's Program	14.228	NSP3 DCA 2011	11-NS-6004	9/28/11	9/5/13
SUBTOTAL					
Emergency Shelter Grant Program	14.231	ES-2011	S-11-UC-13-0011	1/1/11	3/31/13
Emergency Shelter Grant Program	14.231	ES-2012	S-12-UC-13-0011	1/1/12	12/31/13
SUBTOTAL					
HOME Investment Partnerships Program	14.239	HOME-2008	M-08-UC-13-0201	1/1/08	12/31/13
HOME Investment Partnerships Program	14.239	HOME-2009	M-09-UC-13-0201	1/1/09	12/31/14
HOME Investment Partnerships Program	14.239	HOME-2010	M-10-UC-13-0201	1/1/10	12/31/15
HOME Investment Partnerships Program	14.239	HOME-2011	M-11-UC-13-0201	1/1/11	12/31/16
HOME Investment Partnerships Program	14.239	HOME-2012	M-12-UC-13-0201	1/1/12	12/31/17
SUBTOTAL					
Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)	14.257	ARRA HPRP-2009	S09-UY-13-0011	8/1/09	9/30/12
SUBTOTAL					
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					

Federal	State/Local	Award Amount	Federal		State		Local	
			Expense	Revenue	Expense	Revenue	Expense	Revenue
U.S. Department of Housing and Urban Development		$4,615,969	$1	$1				
U.S. Department of Housing and Urban Development		$4,200,238	$39,654	$40,834				
U.S. Department of Housing and Urban Development		$4,225,356	$215,749	$217,383				
U.S. Department of Housing and Urban Development		$4,126,332	$99,719	$75,024				
U.S. Department of Housing and Urban Development		$4,205,640	$1,237,140	$939,207			$587	$587
U.S. Department of Housing and Urban Development		$4,561,860	$512,143	$1,035,197				
U.S. Department of Housing and Urban Development		$3,828,221	$1,721,748	$2,634,593				
U.S. Department of Housing and Urban Development		$4,318,785	$267,225	$571,010			$9,161	$11,350
U.S. Department of Housing and Urban Development		$10,507,827	$13,437				$1,514,348	$2,492,163
U.S. Department of Housing and Urban Development		$2,065,581	$841,238	$697,170			$157,826	$363,512
			$4,948,054	**$6,210,419**			**$1,681,922**	**$2,867,612**
U.S. Department of Housing and Urban Development	GA Department of Community Affairs	$3,004,227	$39,732	-$6,500			$745,869	$1,259,876
U.S. Department of Housing and Urban Development	GA Department of Community Affairs	$3,493,895	$2,140,015	$1,313,050			$93,368	$561,333
			$2,179,747	**$1,306,550**			**$839,237**	**$1,821,209**
U.S. Department of Housing and Urban Development		$184,820	$89,896	$90,592				
U.S. Department of Housing and Urban Development		$331,514	$8,131	$5,477				
			$98,027	**$96,069**				
U.S. Department of Housing and Urban Development		$1,443,535	$214,174	$4,610				$400
U.S. Department of Housing and Urban Development		$1,588,261	$141,935	$19,056				
U.S. Department of Housing and Urban Development		$1,584,502	$96,436	$122,793				
U.S. Department of Housing and Urban Development		$1,390,424	$218,760	$450,673			$27,500	
U.S. Department of Housing and Urban Development		$1,273,305					$35,051	$55,842
			$671,305	**$597,132**			**$62,551**	**$56,242**
U.S. Department of Housing and Urban Development		$1,713,730	$67,975	$72,261				
			$67,975	**$72,261**				
			$7,965,108	**$8,282,431**			**$2,583,710**	**$4,745,063**

continued...

Schedule of Expenditures of Federal, State, and Local Awards – Year ended December 31, 2012 *(continued)*

Title	CFDA	Grantor Program Number	Grantee Number	From Date	To Date
U.S. Department of Justice					
Juvenile Accountability Incentive Block Grant	16.523	CJCJ-11(POS)	JB-09ST-0004	10/1/11	9/30/12
SUBTOTAL					
Crime Victim Assistance	16.575	CJCC-11(VOCA)	C11-8-066	10/1/11	9/30/12
Crime Victim Assistance	16.575	CJCC-12(VOCA)	C12-8-066	10/1/12	9/30/13
SUBTOTAL					
State Criminal Alien Assistance Program	16.606	DOJ-10(SCAAP)	2010-AP-BX-0404	11/16/10	7/31/12
State Criminal Alien Assistance Program	16.606	DOJ-11(SCAAP)	2011-AP-BX-0215	1/1/12	12/31/13
SUBTOTAL					
Bulletproof Vest Partnership Program	16.607	DOJ-10(BVP)	N/A	4/1/10	6/30/13
SUBTOTAL					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DOJ-09(JAG)	2009-DJ-BX-0294	10/1/08	9/30/12
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DOJ-10(JAG)	2010-DJ-BX-1661	10/1/09	9/30/13
Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.803	ARRA-CJCC-10(AOC)	B82-8-133	1/1/10	12/31/12
Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.803	ARRA-CJCC-10(DA)	B82-8-141	1/1/10	12/31/12
Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.803	ARRA-CJCC-10(SD)	B82-8-128	1/1/10	12/31/12
Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.804	ARRA-DOJ-09(JAG)	2009-SB-B9-0775	3/1/09	2/28/13
SUBTOTAL – Justice Assistance Grant Program Cluster					
Equitable Sharing Program	16.922	Police-21090001/Sheriff-27080001/ DA-32000004	N/A	1/1/12	12/31/13
SUBTOTAL					
TOTAL U.S. DEPARTMENT OF JUSTICE					
U.S. Department of Labor					
WIA Adult Program	17.258	WIA-2010	WD1118	7/1/10	6/30/12
SUBTOTAL					
TOTAL U.S. DEPARTMENT OF LABOR					

Federal	State/Local	Award Amount	Federal		State		Local	
			Expense	Revenue	Expense	Revenue	Expense	Revenue
U.S. Department of Justice	Council of Juvenile Court Judges of GA	$7,500	$6,010	$6,010				
			$6,010	**$6,010**				
U.S. Department of Justice	Criminal Justice Coordinating Council	$45,703	$34,338	$29,052			$8,471	$6,148
U.S. Department of Justice	Criminal Justice Coordinating Council	$45,703	$12,685	$27,592			$3,298	$5,277
			$47,023	**$56,644**			**$11,769**	**$11,425**
U.S. Department of Justice		$139,048	$29,247					
U.S. Department of Justice		$190,963	$161,932	$190,963				
			$191,179	**$190,963**				
U.S. Department of Justice		$54,022	-$5,256	$45,226				
			-$5,256	**$45,226**				
U.S. Department of Justice		$259,719	$138,629					
U.S. Department of Justice		$251,598	$29,847	$28,347				
U.S. Department of Justice	Criminal Justice Coordinating Council	$50,000	$13,700	$13,699				$1
U.S. Department of Justice	Criminal Justice Coordinating Council	$188,587	$41,568	$41,568				
U.S. Department of Justice	Criminal Justice Coordinating Council	$96,917	$26,860	$26,859				
U.S. Department of Justice	Criminal Justice Coordinating Council	$1,065,466	$289,422	$274,541				
			$540,026	**$385,014**				**$1**
U.S. Department of Justice		N/A	$784,863					
			$784,863					
			$1,563,845	**$683,857**			**$11,769**	**$11,426**
U.S. Department of Labor	Atlanta Regional Commission	$118,486	$115,885	$115,331				-$1
			$115,885	**$115,331**				-$1
			$115,885	**$115,331**				-$1

continued...

Schedule of Expenditures of Federal, State, and Local Awards – Year ended December 31, 2012 *(continued)*

Title	CFDA	Grantor Program Number	Grantee Number	From Date	To Date
U.S. Department of Transportation					
Airport Improvement Program	20.106	GADOT 11-AP(135)	AP011-9016-28(135)	3/14/11	7/31/13
SUBTOTAL					
Highway Planning and Construction	20.205	ARRA -GADOT 06-825	CSSTP-0006-00(825)	7/13/09	12/28/13
Highway Planning and Construction	20.205	ARRA -GADOT 08-829	CSSTP-0006-00(829)	7/13/09	12/28/13
Highway Planning and Construction	20.205	GADOT 00(430)	MSL00-0004-00(430)	12/1/10	12/1/15
Highway Planning and Construction	20.205	GADOT 01(063)	BRST0-0054-01(063)	1/18/11	1/18/15
Highway Planning and Construction	20.205	GADOT 06-(985)	CSSTP-0006-00(985)	1/1/11	12/31/13
Highway Planning and Construction	20.205	GADOT 06-826	CSSTP-0006-00(826)	7/19/11	9/30/13
Highway Planning and Construction	20.205	GADOT 06-827	CSSTP-0006-00(827)	7/19/11	8/30/13
Highway Planning and Construction	20.205	GADOT 06-TE8148	TEE-0008-00(148)	11/27/06	12/31/14
Highway Planning and Construction	20.205	GADOT 06-TE8149	TEE-0008-00(149)	8/1/06	12/31/12
Highway Planning and Construction	20.205	GADOT 08(075)	CSTEE-0009-00(075)	12/23/08	12/31/13
Highway Planning and Construction	20.205	GADOT 08-HWY 78 CID	CSSTP-0008-00(905)	10/7/08	10/7/18
Highway Planning and Construction	20.205	GADOT 09(072)	CSTEE-0009-00(072)	10/4/11	12/31/14
Highway Planning and Construction	20.205	GADOT 09(073)	CSTEE-0009-00(073)	10/4/11	12/31/14
Highway Planning and Construction	20.205	GADOT 10(195)	STP00-000E-00(195)	5/18/10	12/31/12
Highway Planning and Construction	20.205	GADOT HPP 06(698)	CSMSL-0006-00(698)	2/7/12	7/30/13
Highway Planning and Construction	20.205	GADOT HPP 2010(033)	CSHPP-0008-00(033)	7/20/10	11/5/12
SUBTOTAL – Highway Planning and Construction Cluster					
Federal Transit-Formula Grant	20.507	ARRA-FTA-004	GA-96-X004-00	7/13/09	12/31/14
Federal Transit-Formula Grant	20.507	FTA-192 (OPERATING)	GA-90-X192-00	9/18/03	12/31/15
Federal Transit-Formula Grant	20.507	FTA-2010 (OPERATING)	GA-90-X287-00	6/15/10	12/31/15
Federal Transit-Formula Grant	20.507	FTA-203	GA-90-X203-01	1/1/05	12/31/15
Federal Transit-Formula Grant	20.507	FTA-203 (OPERATING)	GA-90-X203-01	1/1/05	12/31/15
Federal Transit-Formula Grant	20.507	FTA-218 (OPERATING)	GA-90-X218-00	9/6/05	12/31/15
Federal Transit-Formula Grant	20.507	FTA-251 (OPERATING)	GA-90-X251-00	9/26/07	12/31/15
Federal Transit-Formula Grant	20.507	FTA-275 (OPERATING)	GA-90-X275-00	1/22/09	12/31/15
Federal Transit-Formula Grant	20.507	FTA-315 (OPERATING)	GA-90-X315-00	8/9/12	12/31/16
Federal Transit-Formula Grant	20.507	GRTA-2005	N/A	9/1/05	12/31/13
SUBTOTAL					

Federal	State/Local	Award Amount	Federal		State		Local	
			Expense	Revenue	Expense	Revenue	Expense	Revenue
U.S. Department of Transportation	GA Department of Transportation	$991,108		$41,539		$1,093		
				$41,539		**$1,093**		
U.S. Department of Transportation	GA Department of Transportation	$153,185	$18,465	$53,455				
U.S. Department of Transportation	GA Department of Transportation	$206,967	$5,229	$66,997				
U.S. Department of Transportation	GA Department of Transportation	$36,890,000	$15,976,159	$14,077,120				
U.S. Department of Transportation	GA Department of Transportation	$2,300,000	$901,779					
U.S. Department of Transportation	GA Department of Transportation	$1,099,564	$419,219	$399,144				
U.S. Department of Transportation	GA Department of Transportation	$346,068	$237,530	$225,654				
U.S. Department of Transportation	GA Department of Transportation	$332,066	$262,829	$249,687				
U.S. Department of Transportation	GA Department of Transportation	$350,400	$350,400	$332,880				
U.S. Department of Transportation	GA Department of Transportation	$625,000	$13,226	$13,226				
U.S. Department of Transportation	GA Department of Transportation	$471,000					$39,442	$11,197
U.S. Department of Transportation	GA Department of Transportation	$762,241	$14,521	$14,521				
U.S. Department of Transportation	GA Department of Transportation	$350,000	$192,699	$175,084				
U.S. Department of Transportation	GA Department of Transportation	$350,000	$90,173	$85,664				
U.S. Department of Transportation	GA Department of Transportation	$790,400	$97,863	$87,840				
U.S. Department of Transportation	GA Department of Transportation	$400,000	$128,490	$122,065				
U.S. Department of Transportation	GA Department of Transportation	$449,950	$3	$2,451		$613		
			$18,708,585	**$15,905,788**		**$613**	**$39,442**	**$11,197**
U.S. Department of Transportation	Federal Transit Administration	$9,444,886	$1,155,120	$1,155,119				
U.S. Department of Transportation	Federal Transit Administration	$1,938,053	$120,000	$120,000				
U.S. Department of Transportation	Federal Transit Administration	$3,843,313	$2,629,988	$2,626,627				
U.S. Department of Transportation	Federal Transit Administration	$123,808	$13,783	$13,783				
U.S. Department of Transportation	Federal Transit Administration	$8,256,291	$16,513	$16,514				
U.S. Department of Transportation	Federal Transit Administration	$1,165,373	$778	$778				
U.S. Department of Transportation	Federal Transit Administration	$3,879,151	$565,366	$566,455				
U.S. Department of Transportation	Federal Transit Administration	$1,715,225	$278,569	$278,570				
U.S. Department of Transportation	Federal Transit Administration	$9,504,000	$491,095	$491,094				
U.S. Department of Transportation	GA Regional Transportation Agency	$15,313,343	$1,727,164	$1,727,165			$887,837	$887,837
			$6,998,376	**$6,996,105**			**$887,837**	**$887,837**

continued...

Schedule of Expenditures of Federal, State, and Local Awards – Year ended December 31, 2012 *(continued)*

Title	CFDA	Grantor Program Number	Grantee Number	From Date	To Date
New Freedom Program	20.521	MARTA-10/NEW FREEDOM	GA-57-X002-02	11/1/10	6/30/13
New Freedom Program	20.521	MARTA-12/NEW FREEDOM	GA-57-X002-03	3/20/12	2/28/13
SUBTOTAL					
Alternatives Analysis	20.522	FTA-006	GA-39-0006-00	12/31/10	12/31/12
SUBTOTAL					
State and Community Highway Safety	20.600	GOHS-11(MATEN)	TEN-2012-000-00287	10/1/11	9/30/12
State and Community Highway Safety	20.600	GOHS-11/12(DUI)	2012-GA-0032-00	10/1/11	9/30/12
State and Community Highway Safety	20.600	GOHS-12/13(DUI)	GA-2013-000-00360	10/1/12	9/30/13
SUBTOTAL					
TOTAL U.S. DEPARTMENT OF TRANSPORTATION					
U.S. Department of Treasury					
Equitable Sharing Program	21.000	Police-21090003/Sheriff-27080003		1/1/12	12/31/13
SUBTOTAL					
TOTAL U.S. DEPARTMENT OF TREASURY					
U.S. Environmental Protection Agency					
Congressionally Mandated Projects	66.202	EPA-2000	XP9740-13-00-0	10/1/00	12/31/13
SUBTOTAL					
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY					
U.S. Department of Energy					
Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	ARRA-DOE-09(ENERGY)	DE-EE0000805	8/24/09	4/23/13
SUBTOTAL					
TOTAL U.S. DEPARTMENT OF ENERGY					

Federal	State/Local	Award Amount	Federal		State		Local	
			Expense	Revenue	Expense	Revenue	Expense	Revenue
U.S. Department of Transportation	Federal Transit Administration	$85,745	$44,345	$44,345			$22,577	-$2,075
U.S. Department of Transportation	Federal Transit Administration	$158,766	$65,016	$63,839			$35,437	$35,884
			$109,361	**$108,184**			**$58,014**	**$33,809**
U.S. Department of Transportation	Federal Transit Administration	$600,000	$197,361	$174,195				
			$197,361	**$174,195**				
U.S. Department of Transportation	Governors Office of Highway Safety	$12,739	$6,094	$6,094				
U.S. Department of Transportation	Governors Office of Highway Safety	$28,776	$20,965	$20,965			$6,988	$6,418
U.S. Department of Transportation	Governors Office of Highway Safety	$29,800	$9,270	$9,270			$3,090	$3,252
			$36,329	**$36,329**			**$10,078**	**$9,670**
			$26,050,012	**$23,262,140**		**$1,706**	**$995,371**	**$942,513**
U.S. Department of Treasury		N/A	$463,458					
			$463,458					
			$463,458					
U.S. Environmental Protection Agency		$2,619,550	$99,996	$118,483				
			$99,996	**$118,483**				
			$99,996	**$118,483**				
U.S. Department of Energy		$7,312,700	$686,782	$1,653,749				
			$686,782	**$1,653,749**				
			$686,782	**$1,653,749**				

continued...

Schedule of Expenditures of Federal, State, and Local Awards – Year ended December 31, 2012 *(continued)*

Title	CFDA	Grantor Program Number	Grantee Number	From Date	To Date
U.S. Department of Health And Human Services					
Community Based Care Transitions	93.000	AR11-CBCT	AG1210	3/1/12	6/30/13
Community Based Care Transitions	93.000	AR12-CBCT	AG1307	7/1/12	6/30/13
SUBTOTAL					
Special Programs for the Aging – Title III, Part B – Supportive Services and Senior Center	93.044	AR11-IIIB	AG1210	7/1/11	6/30/12
Special Programs for the Aging – Title III, Part B – Supportive Services and Senior Center	93.044	AR12-IIIB	AG1307	7/1/12	6/30/13
Special Programs for the Aging – Title III, Part C – Nutrition Services	93.045	AR09-IIIC	AG1010	7/1/09	6/30/10
Special Programs for the Aging – Title III, Part C – Nutrition Services	93.045	AR10-IIIC	AG1117	7/1/10	6/30/11
Special Programs for the Aging – Title III, Part C – Supportive Services and Senior Center	93.045	AR11-IIIC	AG1210	7/1/11	6/30/12
Special Programs for the Aging – Title III, Part C – Nutrition Services	93.045	AR12-IIIC	AG1307	7/1/12	6/30/13
Nutrition Services Incentive Program	93.053	AR11-NSIP	AG1210	7/1/11	6/30/12
Nutrition Services Incentive Program	93.053	AR12-NSIP	AG1307	7/1/12	6/30/13
SUBTOTAL – Aging Program Cluster					
National Family Caregiver Support	93.052	AR11-IIIE	AG1210	7/1/11	6/30/12
National Family Caregiver Support	93.052	AR12-IIIE	AG1307	7/1/12	6/30/13
SUBTOTAL					
Children's Justice Grants to States	93.643	CASA-12/13	C137	7/1/12	6/30/13
SUBTOTAL					
Social Services Block Grant	93.667	AR11-SSBG	AG1210	7/1/11	6/30/13
SUBTOTAL					
Medical Assistance Program	93.778	GADCH-11/12	000272742B	7/1/11	6/30/13
Medical Assistance Program	93.778	GADCH-12/13	000272742B	7/1/12	6/30/13
SUBTOTAL					
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					

Federal	State/Local	Award Amount	Federal		State		Local	
			Expense	Revenue	Expense	Revenue	Expense	Revenue
U.S. Department of Health and Human Services	Atlanta Regional Commission	$1,054	$60	$1,054				
U.S. Department of Health and Human Services	Atlanta Regional Commission	$2,000	$270	$3,794				
			$330	**$4,848**				
U.S. Department of Health and Human Services	Atlanta Regional Commission	$141,818	$60,568	$65,565	$3,563	$3,856	$7,126	$8,230
U.S. Department of Health and Human Services	Atlanta Regional Commission	$214,681	$92,772	$80,801	$5,457	$4,754	$10,914	$12,472
U.S. Department of Health and Human Services	Atlanta Regional Commission	$342,198	$6,904		$406		$812	
U.S. Department of Health and Human Services	Atlanta Regional Commission	$378,486	$40,901		$2,406		$4,812	
U.S. Department of Health and Human Services	Atlanta Regional Commission	$378,486	$184,322	$169,352	$10,842	$9,960	$21,685	$22,230
U.S. Department of Health and Human Services	Atlanta Regional Commission	$383,087	$175,916	$181,684	$10,348	$10,689	$20,696	$49,279
U.S. Department of Health and Human Services	Atlanta Regional Commission	$81,880	$26,308	$33,237	$7,514	$12,070		
U.S. Department of Health and Human Services	Atlanta Regional Commission	$81,880	$28,393	$29,730	$6,656	$10,974		
			$616,084	**$560,369**	**$47,192**	**$52,303**	**$66,045**	**$92,211**
U.S. Department of Health and Human Services	Atlanta Regional Commission	$52,469	$21,100	$21,990	$4,220	$4,398	$2,813	$2,934
U.S. Department of Health and Human Services	Atlanta Regional Commission	$52,469	$14,615	$10,865	$2,192	$2,172	$1,461	$1,447
			$35,715	**$32,855**	**$6,412**	**$6,570**	**$4,274**	**$4,381**
U.S. Department of Health and Human Services	Georgia Court Appointed Special Advocate	$39,799	$20,214	$19,899				
			$20,214	**$19,899**				
U.S. Department of Health and Human Services	Atlanta Regional Commission	$103,294	$48,443	$44,659			$6,606	$6,121
			$48,443	**$44,659**			**$6,606**	**$6,121**
U.S. Department of Health and Human Services	GA Department of Community Health	$43,821	$17,935	$22,346				
U.S. Department of Health and Human Services	GA Department of Community Health	$42,000	$15,003	$21,260				
			$32,938	**$43,606**				
			$753,724	**$706,236**	**$53,604**	**$58,873**	**$76,925**	**$102,713**

continued...

Schedule of Expenditures of Federal, State, and Local Awards – Year ended December 31, 2012 *(continued)*

Title	CFDA	Grantor Program Number	Grantee Number	From Date	To Date
U.S. Department of Homeland Security					
Hazard Mitigation Plan	97.039	GEMA HMGP-1686-15	HMGP-1686-0015	4/2/09	12/31/12
Hazard Mitigation Plan	97.039	GEMA HMGP-1858-57	HMGP-1858-0057	3/1/12	11/30/13
SUBTOTAL					
Emergency Management Performance Grants	97.042	GADHS-10(EP-00-0013)	2010-EP-00-0013	7/1/10	7/31/11
Emergency Management Performance Grants	97.042	GADHS-11(EP-00-0015)	2011-EP-00-0015	7/1/11	7/31/12
Emergency Management Performance Grants	97.042	GADHS-12(PPA)	EMW-2012-EP-00051-S01	7/1/12	6/30/13
SUBTOTAL					
Homeland Security Grant Program Cluster	97.053	GADHS-09(BW2086-CIT)	2008-GE-T8-0017	9/1/08	8/30/12
Homeland Security Grant Program Cluster	97.053	GADHS-10(BW2374-CIT)	2009-SS-T9-0047	8/21/09	3/31/13
Homeland Security Grant Program Cluster	97.053	GADHS-11(BW2507)	2010-SS-T0-0034	8/10/10	3/31/13
SUBTOTAL – Homeland Security Cluster					
Homeland Security Grant Program Cluster	97.067	GADHS-10(BW2294)	2008-GE-T8-0017	9/1/08	1/31/13
Homeland Security Grant Program Cluster	97.067	GADHS-10(BW2345)	2009-SS-T9-0047	8/21/09	12/31/12
Homeland Security Grant Program Cluster	97.067	GADHS-10(BW2405)	2009-SS-T9-0047	8/21/09	6/30/12
Homeland Security Grant Program Cluster	97.067	GADHS-11(BW2490)	2010-SS-T0-0034	8/1/10	3/31/13
Homeland Security Grant Program Cluster	97.067	GADHS-11(BW2537)	2010-SS-T0-0034	8/1/10	3/31/13
Homeland Security Grant Program Cluster	97.067	GADHS-11(BW2598)	2009-SS-T9-0047	8/21/09	1/31/13
Homeland Security Grant Program Cluster	97.067	GADHS-12(BW2721)	EMW-2011-SS-00081-S01	9/1/11	4/30/14
Homeland Security Grant Program Cluster	97.067	GADHS-12(BW2786)	EMW-2011-SS-00081-S01	9/1/11	4/30/14
Homeland Security Grant Program Cluster	97.067	GADHS-12(BW2832)	EMW-2011-SS-00081-S01	10/1/12	1/31/13
SUBTOTAL					
Buffer Zone Protection Plan (BZPP)	97.078	GADHS-10(BW2268)	2008-BZ-T8-0034	9/1/08	8/31/12
Buffer Zone Protection Plan (BZPP)	97.078	GADHS-10(BW2269)	2008-BZ-T8-0034	9/1/08	8/31/12
SUBTOTAL					
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY					
TOTAL FEDERAL ASSISTANCE					

Federal	State/Local	Award Amount	Federal		State		Local	
			Expense	Revenue	Expense	Revenue	Expense	Revenue
U.S. Department of Homeland Security	Federal Emergency Management Agency	$156,563						$1
U.S. Department of Homeland Security	Federal Emergency Management Agency	$2,125,457	$85,167	$75,424				
			$85,167	**$75,424**				**$1**
U.S. Department of Homeland Security	GA Department of Homeland Security	$100,500		$250				
U.S. Department of Homeland Security	GA Department of Homeland Security	$100,000	$96,473					
U.S. Department of Homeland Security	GA Department of Homeland Security	$100,000	$13,984	$100,000				
			$110,457	**$100,250**				
U.S. Department of Homeland Security	GA Department of Homeland Security	$19,001	$347	$994				
U.S. Department of Homeland Security	GA Department of Homeland Security	$20,000	$3,507	$3,809				
U.S. Department of Homeland Security	GA Department of Homeland Security	$14,996	$14,938	$14,938				
			$18,792	**$19,741**				
U.S. Department of Homeland Security	GA Department of Homeland Security	$12,500	$2,235	$2,066				
U.S. Department of Homeland Security	GA Department of Homeland Security	$43,000	$2,672	$2,672				
U.S. Department of Homeland Security	GA Department of Homeland Security	$23,000	$13,800	$14,035				
U.S. Department of Homeland Security	GA Department of Homeland Security	$278,400	$220,974	$220,974				
U.S. Department of Homeland Security	GA Department of Homeland Security	$20,000	$9,959	$9,700				
U.S. Department of Homeland Security	GA Department of Homeland Security	$20,615	$3,068	$3,012				
U.S. Department of Homeland Security	GA Department of Homeland Security	$25,000	$6,683	$6,214				
U.S. Department of Homeland Security	GA Department of Homeland Security	$10,000	$2,457	$2,457				
U.S. Department of Homeland Security	GA Department of Homeland Security	$74,000	$13,441	$11,500				
			$275,289	**$272,630**				
U.S. Department of Homeland Security	GA Department of Homeland Security	$193,000	$11,281	$11,695				
U.S. Department of Homeland Security	GA Department of Homeland Security	$94,979	$19,280	$19,280				
			$30,561	**$30,975**				
			$520,266	**$499,020**				**$1**
			$38,219,076	**$35,321,247**	**$53,604**	**$60,579**	**$3,667,775**	**$5,801,715**

continued...

Schedule of Expenditures of Federal, State, and Local Awards – Year ended December 31, 2012 *(continued)*

Title	CFDA	Grantor Program Number	Grantee Number	From Date	To Date
State/Local Assistance					
Alzheimer's Program	N/A	AR09-ALZ	AG1010	7/1/09	12/31/12
Alzheimer's Program	N/A	AR11-ALZ	AG1210	7/1/11	6/30/13
Alzheimer's Program	N/A	AR12-ALZ	AG1307	7/1/12	6/30/13
Community-Based Day Care Services Division of Aging Services Home Delivered Meals	N/A	AR10-CBS	AG1117	7/1/10	6/30/13
Community-Based Day Care Services Division of Aging Services Home Delivered Meals	N/A	AR11-CBS	AG1210	7/1/11	6/30/13
Community-Based Day Care Services Division of Aging Services Home Delivered Meals	N/A	AR12-CBS	AG1307	7/1/12	6/30/13
Special Program for Aging	N/A	AR10-ITCO	AG1117	7/1/10	6/30/13
Special Program for Aging	N/A	AR11-ITCO	AG1210	7/1/11	6/30/13
Accountability Court – Drug Program	N/A	CJCC-12(DRUG)	J-12-8-046	7/1/12	9/30/12
Accountability Court – Drug Program	N/A	CJCC-12/13(DRUG)	J12-8-096	10/1/12	6/30/13
Accountability Court – DUI Program	N/A	CJCC-12(DUI)	A12-8-021	7/1/12	9/30/12
Accountability Court – DUI Program	N/A	CJCC-12/13(DUI)	A12-8-047	10/1/12	6/30/13
Accountability Court – Mental Health Program	N/A	CJCC-12/13(MENTAL)	J12-8-134	10/1/12	6/30/13
Family Connection for Gwinnett Coalition Fiscal Agent	N/A	GADHS-FAMCONN 11/12	427-93-121200121-99	7/1/11	6/30/12
Family Connection for Gwinnett Coalition Fiscal Agent	N/A	GADHS-FAMCONN 12/13	427-93-131300065-99	7/1/12	6/30/13
Capital Improvement Assistance	N/A	GADOT-008 (OPERATING)	PT000 2001-09-008	1/1/09	12/31/12
Down Payment Assistance Program	N/A	GHA-2010	GWT HOUSING AUTH - 2010	6/15/10	9/30/12
TOTAL STATE/LOCAL ASSISTANCE					
GRAND TOTAL					

Federal	State/Local	Award Amount	Federal		State		Local	
			Expense	Revenue	Expense	Revenue	Expense	Revenue
	Atlanta Regional Commission	$41,586			$50			
	Atlanta Regional Commission	$41,586			$19,182	$20,135		
	Atlanta Regional Commission	$41,586			$19,386	$21,100		
	Atlanta Regional Commission	$236,670			$5,897			
	Atlanta Regional Commission	$270,898			$128,107	$140,902		-$290
	Atlanta Regional Commission	$266,210			$105,225	$131,384		$2,701
	Atlanta Regional Commission	$2,753			$456			
	Atlanta Regional Commission	$2,467			$1,878	$2,467		
	Criminal Justice Coordinating Council	$5,290			$5,289	$5,289		
	Criminal Justice Coordinating Council	$117,186			$21,704	$21,509		
	Criminal Justice Coordinating Council	$4,851			$4,851	$4,851		
	Criminal Justice Coordinating Council	$19,675			$4,809	$4,809		
	Criminal Justice Coordinating Council	$115,534			$1,358	$928		
	GA Department of Human Services	$44,000			$25,756	$25,756		
	GA Department of Human Services	$45,000			$14,544	$14,544		
	GA Department of Transportation	$469,366			$184,366	$184,366		
	Gwinnett Housing Authority	$260,000					$20,000	
					$542,858	**$578,040**	**$20,000**	**$2,411**
			$38,219,076	**$35,321,247**	**$596,462**	**$638,619**	**$3,687,775**	**$5,804,126**

Notes to Schedule of Federal, State, and Local Awards
Basis of Presentation and Accounting

The accompanying schedule of expenditures of federal, state, and local awards presents the activity of all federal and state 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, federal assistance passed through other government agencies, and state and local financial assistance are included on the schedule.

The accompanying schedule of expenditures of federal, state, and local 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.

Sub-Recipient Disbursements

During 2012, disbursements were made to sub-recipients of the following grant programs:

Program	CFDA	Amount
Community Development Block Grants	14.218	$ 1,692,472
Emergency Shelter Grant Program	14.231	82,024
HOME Investment Partnerships Program	14.239	553,550
Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)	14.257	65,026
Edward Byrne Memorial Justice Assistance Grant Program	16.738	7,718
Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.804	114,858
Highway Planning and Construction	20.205	27,747
Down Payment Assistance Program	N/A	20,000
Family Connection for Gwinnett Coalition Fiscal Agent	N/A	40,301
Total		**$ 2,603,696**

Noncash Awards

During 2012, the County received equipment through the State of Georgia Department of Homeland Security (CFDA: 97.067 Homeland Security Grant Program). The estimated value of this equipment is $95,970 and will directly support the Police Department services.

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERMENT 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, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 10, 2013. Our report includes a reference to other auditors and to the implementation of new accounting standards which modified terminology and presentation of certain accounts and changed the accounting for bond issuance costs. 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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2012-1, that we consider to be a significant deficiency.

Compliance and Other Matters

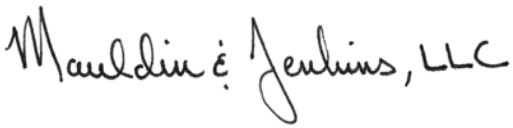
As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect 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*.

County's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.



Atlanta, Georgia
May 10, 2013

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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 Circular A-133 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, 2012. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Gwinnett County Board of Health, which received $8,956,337 in federal awards which are not included in the Schedule of Expenditures of Federal, State, and Local Awards for the year ended December 31, 2012. 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 OMB Circular A-133.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2012.

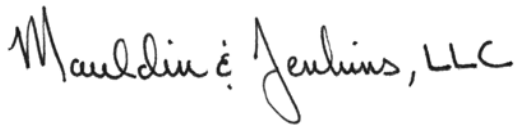
Report on Internal Control Over Compliance

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Atlanta, Georgia
May 10, 2013

GWINNETT COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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(1) Summary of Auditors' Results

(a) The type of report issued on the financial statements: **unmodified opinion**

(b) Internal control over financial reporting:
Material weaknesses identified: **no**
Significant deficiencies identified, not considered to be material weaknesses: **yes**

(c) Noncompliance material to the financial statements noted: **no**

(d) Internal control over major 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 programs: **Unmodified.**

(f) Any audit findings which are required to be reported under Section .510(a) of OMB Circular A-133: **no**

(g) Major Programs:

Community Development Block Grant Cluster, CFDA #14.218
Community Development Block Grant/State's Program, CFDA 14.228
Highway Planning & Construction Cluster, CFDA #20.205
Federal Transit Formula Grants, CFDA #20.507

GWINNETT COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

(1) Summary of Auditors' Results (*continued*)

(h) Dollar threshold to distinguish between Type A and Type B programs: **$1,146,572**

(i) Audit qualified as a low-risk auditee under Section .530 of OMB Circular A-133: **no**

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

Finding 2012-1 - Maintenance of a Ledger of Amount Owed by Agency Funds

Criteria: Agency funds are used to account for resources held by the County, primarily the elected officials, in a purely custodial capacity, which means that all funds held are owed to other governments, organizations, or individuals. Due to the nature of these funds, it is important that adequate records be maintained to account for receipts, disbursements, and any residual funds that are held to be paid at a later date. Such listings should be reconciled to the respective cash balances maintained.

Condition/Context: During our audit of the elected officials, we noted certain accounts of the Clerk of Courts and Sheriff for which no detail listing could be provided to support the balance of who the amount of funds being held was to be distributed to as of year end. We did note that in most cases the elected officials maintain records of the receipts and disbursements each month but they are not reconciling those to the month end balances. Such a detail should be readily available and reconciled throughout the year as additional support for the funds being held.

Effect: If these accounts are not maintained properly, as stated above, it could lead to inaccurate financial information or possible misappropriation of funds.

GWINNETT COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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

Finding 2012-1 - Maintenance of a Ledger of Amount Owed by Agency Funds (continued)

***Cause*:** The bank accounts are not reconciled to subsidiary payable ledgers as of any month or year end period.

Recommendation: We recommend the Finance Department work with the elected officials to ensure that these details are properly maintained and reconciled throughout the year.

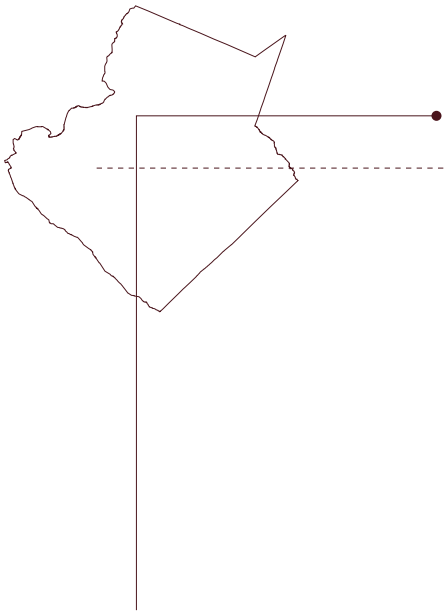
Response: During 2012, the Department of Financial Services met with the elected officials to offer assistance and discuss possible solutions to the reconciliation issue. The Department of Financial Services will continue to offer assistance to the Clerk of Court's Office and the Sheriff's Department to ensure that adequate records are maintained and reconciled to the respective cash balances.

(3) Findings and Questioned Costs Relating to Federal Awards

None.

(4) Status of Prior Year Findings

None.



disclosure section


Compressor Building

Continuing Annual and Event Disclosures

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

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

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

Agreement and Affected Bond Issue

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

- *Water and Sewerage Authority Refunding Bonds, Series 2003b*
- *Water and Sewerage Authority Refunding Bonds, Series 2005*
- *Water and Sewerage Authority Refunding Bonds, Series 2006*
- *Water and Sewerage Authority Revenue Bonds, Series 2008*
- *Water and Sewerage Authority Revenue Bonds, Series 2009a and b*
- *Water and Sewerage Authority Refunding Bonds, Series 2011*

Description of the Water and Sewer System

The Water System

Gwinnett County obtains all of its water supply needs from facilities located at Lake Sidney Lanier (Lake Lanier), a 38,000-acre lake located just north of the county. Withdrawal from Lake Lanier is regulated through permits issued by the U.S. Army Corps of Engineers and the Georgia Department of Natural Resources' Environmental Protection Division (EPD). The water system consists primarily of the 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 use 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 35 to 45 million gallons per day (mgd) pumps, allowing for a peak pumping capacity of 200 mgd and a firm 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 greatly improves 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. There are also accommodations for pipelines to/from a future raw water reservoir. 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 upgraded integrated Supervisory Control and Data Acquisition (SCADA) computer system, which controls both the treatment facility and tanks/pump stations within the distribution system. In 1998, the Lanier Filter Plant was presented with the Grand Award of Excellence for innovative design by the Consulting Engineers of Georgia.

Additional improvements and enhancements to the Lanier Filter Plant were completed in 2002. 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 two 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 reusable 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 reducing the amount of raw water withdrawn from the lake. The Georgia Engineering Alliance selected this project as its 2009 Engineering Excellence Award.

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 has reduced the Lead/Copper sampling frequency to one event every three years. The most recent sampling and testing was completed in 2011. 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. Specific security improvements such as closed-circuit television cameras, card-readers and automatic door locks, and fence enhancements were installed in 2004. Additional security upgrades are factored into future CIP planning based on the results of an updated 2012 Vulnerability Assessment.

Transmission Mains: The transmission system includes approximately 180 miles of transmission mains. The major transmission main looping the county was completed in 1980. Approximately 89 miles of 36- and 48-inch pipe loop around the county, making it possible to reliably serve the entire area with water even in the event of a major transmission main break. Major branches form the grid to provide water service to all populated areas within the county, and also lead to wholesale customers neighboring the county. Because of continuing growth and increasing water demands, a third 48-inch transmission main was installed along the western portion of the county to reinforce the transmission main loop. This ductile iron transmission main is 21 miles long and connects to a 30-inch transmission main in Norcross. Connections between this main and the original transmission system provide greater flexibility and reliability of the water distribution system. Additionally, a 78-inch transmission main that runs 48,000 feet from the Lanier Filter Plant was completed in 2000 and intersects the 48" loop near Lawrenceville. The Shoal Creek Filter Plant construction included a new transmission main to connect the plant to the existing Lanier Filter Plant. In 2008 a 60-inch transmission line from the Shoal Creek Filter Plant to the existing 48-inch transmission mains located on Peachtree Industrial Boulevard at Little Mill Road was constructed. This greatly reinforces the county loop system and adds reliability.

Distribution Mains: The distribution main system consists of approximately 3,667 miles of pipes of various sizes that draw water from the transmission main system for distribution to customers. More than 50 percent of the distribution system has been installed in the last 25 years.

Booster Stations: The Water System includes several 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 14 booster stations. A major re-pump station, jointly owned by Gwinnett County and the City of Norcross, provides service for the heavily populated Norcross area. Major rehabilitation of this station, including new pumps and motors, was completed in 2003. Subsequent operation and maintenance of this facility is being handled by the County. 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 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 Central Pressure Zone consists of customers at average elevations.

Water is delivered to the central area from four high-service pumps at the Lanier Filter Plant through the County's transmission mains. Since replacement of the 48-inch concrete water main, the Duluth Pump Station has basically become unnecessary, because water is now pumped from the Lanier High-Service Pump Station. The Grayson Pump Station was completed in November 2001 and incorporates 20 million gallons of storage and a 40-mgd pump station. Construction concluded in 2007 for a new pump station at the Rockbridge Road tank site. The new pump station included a 5 mg tank and four 3.3 mgd pumps. This replaced the 1970s vintage pump station which served this area for 30+ years. 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 along a series of pressure-reducing valves.

Storage Facilities: Water system storage is either ground storage, in elevated tanks, or in standpipes located at key sites throughout the distribution system. The standpipes on I-85 and at the no longer used Duluth pump station were demolished in 2010. The Medlock Bridge elevated tank was no longer used and was also demolished in 2010. The finished water clear wells at the Lanier and Shoal Creek Filter Plants provide storage at 63 million gallons (43 at Lanier and 20 at Shoal Creek). Five and 10 million-gallon ground storage tanks are located near the cities of Norcross, Buford, Grayson, Snellville, and Lilburn. The County and the City of Norcross equally share storage capacity in the Norcross tank. Completion of the Rock Quarry Road 10 mg tank in Buford and the clear well at the Shoal Creek Filter Plant boosts total finished water storage to 118.4 mg.

Customers of the Water System: As of December 31, 2012, the water system had 230,652 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, Snellville, and Sugar Hill. The water system also provides direct retail service to some of the residents of the cities of Buford, Lawrenceville, Loganville, Norcross and Suwanee. It serves some of the residents of Buford, Lawrenceville, Norcross, 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, and the City of Dacula's water system in May 1996.

Water Consumption 2003 – 2012

The following table shows the average daily consumption in mgd of water billed by the Water System during the years 2003 through 2012:

	Gwinnett County Consumption		Out-of-County Consumption	Total Average Daily
Year	Retail	Wholesale	Wholesale	Consumption
2003	58.68	2.88	1.16	62.72
2004	58.23	3.01	0.99	62.23
2005	63.01	2.83	1.06	66.90
2006	73.13	2.62	1.32	77.07
2007	76.26	2.95	1.46	80.67
2008	62.38	2.72	0.94	66.04
2009	60.95	2.77	0.30	64.02
2010	63.39	2.77	0.08	66.24
2011	63.81	2.47	0.11	66.39
2012	60.34	2.38	0.22	62.94

Non-revenue water that is due to water system losses, fire flows, meter underreporting, and other causes was approximately 14 percent between 1997 and 2001 increasing to 17 percent in the ensuing four years, possibly due to data errors. By the end of 2005 non-revenue water was on a downward trend and at the end of 2008, was tracking at around 11 percent, which was below the industry standard of 12 percent. From January to July 2009, the percentage increased to an average of just below 12 percent. From August to December 2009, the rate increased to 13 percent. For 2010, non-revenue water decreased and was approximately 11 percent. 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 AWWA's Free Water Audit Software. With using a new method for calculating the non-revenue water, we have seen an increase to 15 percent for 2011, but a decrease to 10.9 percent for 2012. 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 pressure in certain areas of the county by re-establishing pressure zones throughout the county.

The following tables show the 10 largest retail and wholesale customers of the water system during the 12 months ended December 31, 2012. Total water usage during the 12 months ending December 31, 2012, was 22,023,932.9/thousands of gallons, generating $102,236,210.75 in usage revenues (excluding late fees). No single retail customer accounted for more than 1.12 percent of total water system usage revenues in 2012, and the 10 largest retail customers together accounted for 4.41 percent of such revenues.

No single wholesale customer accounted for more than 2.66 percent of total water system usage revenues in 2012, and the eight wholesale customers together accounted for 3.96 percent of such revenues. In addition to regular water revenues, we generated $11,671,829.77 in conservation tier charge revenue from water customers who exceeded consumption of 8,000 gallons in any given month.

Water Use: 10 Largest Retail Water Customers – 2012

Customer	Thousands of Gallons-Per-Year	mgd	Total Revenues Received
Gwinnett County Board of Education	246,277.0	0.67	$1,145,417
Gwinnett County Government	229,976.3	0.63	$1,178,412
Publix	139,450.0	0.38	$630,674
OFS Brightwave	74,304.6	0.20	$336,394
Phillips State Prison	68,437.2	0.19	$309,501
Suniva Inc.	51,277.0	0.14	$232,145
FAOF Ashby	38,224.3	0.10	$173,028
Highland Corners	38,088.6	0.10	$172,420
Overlook at Berkeley Lake	37,028.3	0.10	$169,004
Bridgewater Apartments	35,770.1	0.10	$161,814
TOTAL	**958,833.4**	**2.61**	**$4,508,809**

Water Use: Wholesale Water Customers – 2012

Customer	Thousands of Gallons-Per-Year	mgd	Total Revenues Received
City of Lawrenceville	614,079.30	1.68	$2,720,837
City of Norcross	243,584.60	0.67	$925,440
City of Loganville	54,897.20	0.15	$245,882
Rockdale County	18,412.00	0.05	$82,416
City of Buford	9,536.60	0.03	$42,636
Walton County Water	5,625.50	0.02	$24,409
City of Suwanee	463.60	0.00	$2,078
Town of Braselton	137.50	0.00	$617
TOTAL	**946,736.30**	**2.60**	**$4,044,315**

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 its regular meeting of March 3, 2009. The Board of Commissioners has subsequently adopted rate increases effective each January 1st, beginning 2010 and going through 2015 (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 (effective July 1, 2009)
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 2012	Effective January 1, 2013	Effective January 1, 2014
Tier 1: $4.53/1,000 gal	Tier 1: $4.69/1,000 gal	Tier 1: $4.85/1,000 gal
Tier 2: $6.79/1,000 gal	Tier 2: $7.03/1,000 gal	Tier 2: $7.27/1,000 gal
Tier 3: $9.06/1,000 gal	Tier 3: $9.38/1,000 gal	Tier 3: $9.70/1,000 gal

Note: Effective January 1, 2010, 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.

Effective June 1, 2009, 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 2012	Effective January 1, 2013	Effective January 1, 2014
$9.06/1,000 gallons	$9.38/1,000 gallons	$9.70/1,000 gallons

Fire Protection

Effective September 1, 2009, the fee for fire protection taps is $2.00 per inch of fire service pipe diameter. Also effective September 1, 2009, 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 (effective since January 1, 2009):

Meter Size	Charge per Connection
¾"	$ 395
1"	527
1 ½"	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, 2008	January 1, 2009	January 1, 2010 – 2012
¾"	$ 1,418	$ 1,418	$ 1,128
1"	4,807	4,807	3,610
1.5"	11,573	11,573	8,573
2"	20,063	20,063	15,679
3"	43,179	43,179	39,142
4"	45,910	45,910	62,830
6"	172,561	172,561	125,434
8"	257,506	257,506	200,671
10"	Varies*	Varies*	Varies*
12"	Varies*	Varies*	Varies*

**Determined by the Department of Water Resources*

Raw Water Supply: On July 2, 1973, the County entered into the "Contract between the United States of America and Gwinnett County, Georgia, for Withdrawal of Water from Lake Sidney Lanier," and has since entered into several extensions and modifications to that agreement (collectively known as the "Contract"). The Contract granted the County the right to withdraw raw water from Lake Lanier for municipal and industrial uses at a rate of 53 mgd. The Contract permitted the County to construct and operate facilities to withdraw water and requires the County to maintain certain records.

The Contract originally provided that either party could terminate it upon providing three years' notice. Unless otherwise terminated, the Contract would continue for 30 years or until the federal government completed its study of area water storage, discharge, and withdrawal needs. In June 1985, the U.S. Corps of Engineers, Army Engineers District-Mobile (the Corps of Engineers) gave the County notice that the Contract would be terminated on July 1, 1989. In June 1989, the Contract was extended for six months, until January 1, 1990. That historical contract is no longer in effect; however, the County has continued to withdraw water from Lake Lanier, which provides all of the County's raw water.

From 1990 to 2000, the County paid $9.74 per million gallons for water withdrawn. In April 2000, the U.S. Army Corps of Engineers increased this amount to $18.80 per million gallons. In December 2000, customers of the Southeastern Power Administration, which receive the benefits of hydropower production from Corps of Engineers projects in the ACT and ACF basins, filed a lawsuit seeking an increase in the price charged to municipalities drawing domestic water supplies from Lake Lanier. Gwinnett County, with the Atlanta Regional Commission and others, joined in the mediation of this lawsuit. The settlement of this litigation, signed by the United States,

the State of Georgia, and hydropower customers as well as the municipal water purveyors, would have restored the contractual relationship between Gwinnett County and the United States Corps of Engineers pending *National Environmental Policy Act* procedures. The new contracts would reserve unto Gwinnett County a portion of the conservation pool of Lake Lanier sufficient to yield an annual average supply of up to 152 mgd even during a severe drought. The annual cost of raw water would increase from approximately $700,000 per year on an escalating and interminable schedule to approximately $1,780,000 per year on a 30-year amortization schedule, after which payments for that volume of water cease. These increased payments would be retroactive to 2003, the date the settlement agreement was approved by the D.C. District Court. The interim water storage contract appended to the mediation agreement and which is convertible to a permanent storage contract has a 10-year term with an automatic 10-year renewal provision. This conversion to a 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 99 mgd, 103 mgd, 90 mgd, 98 mgd, 112 mgd, 118 mgd, 110 mgd, 81 mgd, 87 mgd, 87 mgd, 91 mgd, and 84 mgd for the years 2001 – 2012, 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 is proceeding 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 are 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 is working to resolve this issue and is taking 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.

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. The County awaits the Corps of Engineers' determination. The County continues to pursue getting the Corps of Engineers to give credit for the volume of water returned to Lake Lanier and subtracts this amount from the water withdrawn for payment of the $18.80 per million gallons withdrawn.

On February 12, 2012, the State of Alabama, Alabama Power, the City of Apalachicola, the State of Florida, and Southeastern Federal Power Customers filed a petition for a Writ of Certiorari, thereby appealing the decision of the 11th Circuit Court of Appeals to the U.S. Supreme Court. On June 25, 2012, the U.S. Supreme Court denied the Writ of Certiorari, taking no part in the consideration or decisions of the petitions. On June 26, 2012, the Corps of Engineers issued a memorandum stating that it has the legal authority to store and release water for water supply from Lake Lanier sufficient to meet Georgia's 2000 request for 705 mgd, (297 mgd direct lake withdrawals and 408 mgd from the Chattahoochee River below Buford Dam). To date, the corps has not determined how that request is to be distributed to the various water purveyors, including Gwinnett County.

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 and contractual treatment capacity in one other out of County WRF. The minor treatment facilities at Beaver Ruin, Jacks Creek, and Jackson Creek were taken out of service in 2009, 2010, and 2011, respectively. Total permitted treatment capacity currently available to Gwinnett County is 103 mgd.

All of the sewerage system's WRF's provide advanced treatment under some of the most stringent environmental requirements 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 Sewerage System has purchased treatment capacity in DeKalb County's Pole Bridge Water Pollution Control Facility (WPCF). The following table shows the permitted capacity in mgd of each treatment facility and the approximate usage for each during 2012.

Sewerage System Capacity and Usage in 2012

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

Wastewater Reclamation Facilities (WRFs)	Permit	ADMMF	AADF
F. Wayne Hill WRC	60.0	30.48	27.94
Crooked Creek WRF	16.0	7.89	7.63
Yellow River WRF	22.0	12.86	11.75
Pole Bridge WPCF [1]	2.5	1.39	1.23
TOTAL SYSTEM [2]	**100.5**	**50.31**	**48.55**

[1] *Plant capacity at Pole Bridge is used through an agreement with DeKalb County*

[2] *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 2007 through 2012, the violations reported were respectively zero, zero, 10, four, two and zero. 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 FEMA. Gwinnett County WRFs have won more than 135 awards from the National Association of Clean Water Agencies and the Georgia Association of Water Professionals in the years 2007 through 2012 for exceptional operations and permit compliance. In 2008, the F. Wayne Hill WRC was selected as ***Plant of the Year*** in its size category by the Georgia Association of Water Professionals and also received the ***National Clean Water Act Recognition Award***, and the ***Region IV National Clean Water Act Recognition Award*** from the EPA.

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 to 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 6,669 mg of reclaimed water in 2010, 9,371 mg in 2011 and 8,426 mg in 2012 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 long-term operating costs. This savings is achieved through economies of scale that is achieved by building and operating a single large facility. The Yellow River WRF reconstruction went into operation in June 2011, and thus the permitted capacity increased from 13.5 to 22.0 mgd. The Jackson Creek WRF was decommissioned in June 2011 by diverting the flows to Yellow River WRF.

The Crooked Creek WRF Improvement project started in 2009 to provide sufficient and reliable treatment capacity. Improvements completed in 2011 include: a new influent pump station with in-line grinders; a new headworks with band screens and vortex grit removal.

In August 2011, Gwinnett County completed the Gas-to-Energy and Fats, Oils, and Grease/High-Strength Waste Receiving Facilities at F. Wayne Hill Water Resources Center at a cost of $5 million and $3.5 million, respectively, funded through the *American Reinvestment and Recovery Act*. Gwinnett County has realized a savings of more than $1,000 per day since the start of the generator engine in August 2011. Both projects received an Achievement Award from National Association of Counties.

Collection System: Gwinnett County has approximately 2,933 miles of gravity and force main sewers ranging in size from eight inches to 72 inches in diameter, and approximately 225 active pump stations. These gravity sewers and pump stations collect and transmit the wastewater flow from the water customers who are served by the sewer system to the WRFs. Sewer service is provided in the central, western, and north central portions of the county. The Lower Apalachee and Lower Alcovy basins are only minimally served by sewers at this time. The 2030 Water and Wastewater Master Plan identified infrastructure improvement needs through the 2030 planning period and beyond based on flow projections. The County experiences sanitary sewer overflows, mainly due to root intrusion and grease accumulation in the sewer system. The County has a grease control and root control program to address these issues. The reportable overflows for 2008 to 2012 were 33, 31, 30, 22, and 23.

The County completed the Eastside Wastewater Conveyance System, designed to convey flows from numerous sub-basins on the southeastern side of the county nearly 18 miles to the F. Wayne Hill WRC. Flows that originate in the southernmost sub-basins of that system are collected at the Lower Big Haynes Pump Station (15 mgd) and pumped through a 36-inch force main to the Brooks Road Booster Pump Station. At that point, flows from the Brooks Road Pump Station are added, and all flow is then pumped northward. At that point, flows from the Alcovy Pump Station are added, and all flow is then pumped directly to the F. Wayne Hill WRC. In October 2010, a 16,000-foot long, 12-foot diameter NBC Tunnel and 215 deep 5.5 mgd Lift Station project was completed at the cost of $64-million. The sewer collected Southside of the County is now pumped to Beaver Ruin pump station and then to F. Wayne Hill WRC. This project won one of the five State Awards from the American Council of Engineering Companies.

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. Large 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 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, 2012, the Sewerage System had 150,951 retail customers. The City of Norcross uses the Sewerage System facilities on a wholesale basis. Norcross has been billed for capital contributions to the Sewerage System to aid in construction and in order to assure itself of adequate future treatment capacity. Norcross maintains its own sewer lines within its corporate limits. A similar contract with DeKalb County allows DeKalb to share proportionately in the operational cost of the Jackson Creek WRF up to the 1.12 mgd capacity reserved for DeKalb. Beginning January 1, 2012, Gwinnett County has 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 is 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 2012. Total sewer usage during 2012 was 15,607,888.5/ thousands of gallons, generating $104,766,413.19 in usage revenues (excluding late fees). No single retail user accounted for more than 1.24 percent of total Sewerage System revenues in 2012, and the 10 largest users together accounted for 4.85 percent of such revenues. In addition to retail customers, the County also provided service to two municipal customers on a wholesale basis: DeKalb County and the City of Norcross. DeKalb County produced 0.36 mgd of wastewater in 2012 and was billed $840,902.92. The City of Norcross produced 0.70 mgd of wastewater in 2012 and was billed $462,019.29*. These two wholesale customers accounted for 1.24 percent of the total Sewerage System revenues.

** Total outstanding of their share of the 2008, 2009, and 2010 Capital Projects is $5,939,039.82.*

10 Largest Retail Sewerage Users – 2012

Customer	Thousands of Gallons-Per-Year	mgd	Total Revenues Received
Gwinnett County Board of Education	202,886.6	0.56	$1,301,610
Gwinnett County Government	171,740.9	0.47	$1,023,636
Publix	97,093.1	0.27	$789,491
Phillips State Prison	68,437.2	0.19	$440,781
Suniva	51,277.0	0.14	$342,246
FAOF Ashby	38,224.3	0.10	$246,817
Highland Corners	38,088.6	0.10	$245,964
Overlook at Berkeley Lake	36,712.7	0.10	$236,896
Bridgewater Apartments	35,770.1	0.10	$230,565
ARWC	35,341.0	0.10	$227,823
TOTAL	**775,571.5**	**2.13**	**$5,085,829**

Current Sewerage Rates: The schedule presented below shows sanitary sewer rates. The Board of Commissioners adopted these rates at their meeting on March 3, 2009. The 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.

Effective January 1, 2012	Effective January 1, 2013	Effective January 1, 2014
$6.47/1,000 gallons	$7.11/1,000 gallons	$7.82/1,000 gallons

Note: In addition to the water base charge, all retail sewer accounts pay a base sewer fee of $5.00 per billing period, effective July 1, 2009, with the exception of multi-family housing on a master meter. The base charge is separate from the volume charge for either water or sewer usage. Where one meter serves more than one unit, the monthly meter charge is $10.00 per unit per billing period, effective July 1, 2009. Base rates 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, 2008	January 1, 2009	January 1, 2010 – 2012
¾"	$ 2,569	$ 2,569	$ 4,147
1"	8,709	8,709	13,270
1.5"	20,967	20,967	31,517
2"	36,349	36,349	57,643
3"	78,227	78,227	143,901
4"	99,481	99,481	230,988
6"	312,630	312,630	461,146
8"	427,049	427,049	737,751
10"*			
12"*			

* *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 following table provides a summary of combined operating results:

Gwinnett County Water and Sewerage System and Authority Summary of Combined Operating Results (in thousands of dollars)

	2012	2011	2010	2009	2008
Operating Revenues:					
Residential and commercial service	$ 259,042	$ 248,280	$ 232,764	$ 201,134	$ 183,110
Wholesale service	5,347	6,445	7,091	6,895	5,789
Public fire protection charges to other funds	665	652	648	517	464
Connection charges	650	373	463	259	596
Intergovernmental	586	1,667	6,617	–	–
Miscellaneous	5,585	4,476	6,348	4,679	4,327
Total operating revenues	271,875	261,893	253,931	213,484	194,286
Operating Expenses:					
Water production	14,516	15,860	15,161	16,652	15,806
Distribution and collection	28,011	29,261	26,868	25,398	26,036
Engineering	4,771	4,823	4,587	5,881	6,100
Reclamation	30,755	28,199	27,928	26,372	27,963
Depreciation and amortization	66,784	69,387	68,424	65,449	69,126
General and administrative	31,521	28,185	28,916	22,717	22,358
Total operating expenses	176,358	175,715	171,884	162,469	167,389
Operating income	95,517	86,178	82,047	51,015	26,897
Non-operating Revenues (Expenses):					
Interest income	591	507	402	191	2,006
Change in fair value of investments	(35)	35	–	(64)	48
Interest expense	(42,843)	(31,530)	(36,407)	(31,281)	(33,269)
Loss on sale of fixed assets	(21,576)	(4,385)	(1,804)	(6,041)	(4,159)
Income before operating transfers & contributions	31,654	50,805	44,238	13,820	(8,477)
Capital contributions	13,449	15,416	10,745	16,702	59,128
Transfers in	–	–	74	–	–
Transfers out	(165)	(90)	(90)	–	–
Increase in net position	44,938	66,131	54,967	30,522	50,651
Net position, January 1, as restated	2,316,466	2,255,937	2,200,970	2,170,448	2,119,797
Net position, December 31	$ 2,361,404	$ 2,322,068	$ 2,255,937	$ 2,200,970	$ 2,170,448

Security for the Bonds

General

The Series 2005, 2006, 2008, 2009a, 2009b, and 2011 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 Supplement 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 as well as 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, and 2011 Bonds and any Additional Bonds or Obligations issued therewith. A portion of the 2002 Bonds were legally defeased with the proceeds of the 2006 Bonds.

The Water and Sewer 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.

Additionally, the Water and Sewer 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.

Finally, the Water and Sewer 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.

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 practice, but before making provision 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 payment of debt service are paid to the Renewal and Extension Fund for 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. Following are conditions that must be met before 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.

Debt Service Reserve –MBIA Surety Bond

The Lease requires the establishment of a Debt Service Reserve Account (the "Reserve Account") within the Sinking Fund in an amount at least equal to the highest annual debt service on the First Lien Bonds. In place of maintaining a Debt Service Reserve Account, the Authority has purchased a debt service reserve surety bond from MBIA. The premium on the surety bond was fully paid at issuance and delivery of the First Lien Bonds. The bond provides that, upon proper notice to MBIA that the Authority has failed to make the required deposit with the Paying Agent sufficient to pay the principal due, MBIA will make such payments to fulfill obligations up to $44,002,030. The surety bond does not ensure against non-payment caused by the insolvency or negligence of the Sinking Fund Custodian. The Authority will be required to reimburse MBIA for any draws under the surety bond with interest at a market rate. Upon such reimbursement, the surety bond will be reinstated to the extent of such reimbursement up to the maximum limit thereof.

The surety bond is only applicable to the outstanding First Lien Bonds issued in 2002. All Second Lien Bonds issued in 2004, 2005, 2006, 2008, 2009, and 2011 and thereafter do not have a debt service requirement.

Annual Debt Service Requirements

Debt service requirements on the Water and Sewerage Authority Revenue Bonds, Series, 2003b, 2005, 2006, 2008, 2009, and 2011 are as follows:

	First Lien	Second Lien				
Bond Year Ending December 31	Debt Service Requirements 2003b	Debt Service Requirements 2005	Debt Service Requirements 2006	Debt Service Requirements 2008	Debt Service Requirements 2009*	Debt Service Requirements 2011**
2013	10,857,338	34,548,863	7,491,419	17,128,882	19,423,360	7,865,900
2014	–	34,532,513	7,610,019	17,128,132	19,378,235	18,370,900
2015	–	34,529,287	7,510,219	17,131,882	19,151,835	18,367,350
2016	–	34,520,562	7,704,181	17,128,882	19,088,035	18,364,950
2017	–	34,528,162	7,585,394	17,128,483	19,090,035	18,368,950
2018 –2022	–	74,471,612	61,685,376	85,649,765	95,438,575	91,832,400
2023 – 2027	–	–	70,619,861	85,648,986	95,445,339	55,103,000
2028– 2032	–	–	–	17,131,863	41,424,094	–
Total	**10,857,338**	**247,130,999**	**170,206,469**	**274,076,875**	**328,439,508**	**228,273,450**

** The Series 2009 bond amounts presented above represent the aggregate Debt Service amounts for both the 2009a and 2009b bonds.*
*** The Series 2003 bonds were partially defeased with the proceeds from the 2011 bonds.*

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)*.

Required Notices

The following table lists each material event and required notice defined in *15c2-12(b)(5)(i)(C)* and *(D)*. Since none occurred, the table confirms that no notice to the Nationally Recognized Municipal Securities Information Repository or the Municipal Securities Rule Making Board was required for any of the material events related to the Series 1998, 2002, 2003b, 2004, 2005, 2006, 2008, and 2009 Water and Sewerage Bonds. This confirms compliance with SEC *Rule 15c2-12(b)(5)(i)(C)* and *(D)* from July 3, 1995, to the date of this report.

Rule Sec.	Description	Series 1998	Series 2002	Series 2003b	Series 2004*	Series 2005	Series 2006	Series 2008	Series 2009
(C)(1)	Principal and interest payment delinquencies	None	None	None	None	None	None	None	None
(C)(2)	Non-payment related defaults	None	None	None	None	None	None	None	None
(C)(3)	Unscheduled draws on debt service reserves reflecting financial difficulties	None	None	None	None	None	None	None	None
(C)(4)	Unscheduled draws on credit enhancements reflecting financial difficulties	None	None	None	None	None	None	None	None
(C)(5)	Substitution of credit or liquidity providers, or their failure to perform	None	None	None	None	None	None	None	None
(C)(6)	Adverse tax opinions or events affecting the tax-exempt status of the security	None	None	None	None	None	None	None	None
(C)(7)	Modifications to rights of security holders	None	None	None	None	None	None	None	None
(C)(8)	Bond calls	None	None	None	None	None	None	None	None
(C)(9)	Defeasances	None	None	None	None	None	None	None	None
(C)(10)	Release, substitution, or sale of property securing repayment of the securities	None	None	None	None	None	None	None	None
(C)(11)	Ratings changes	None	None	None	None	None	None	None	None
(D)	Failure to provide annual financial information or operating data in a timely manner	None	None	None	None	None	None	None	None

** Bonds are variable rate demand notes. Rates are 2.97 percent through October 2009; 4 percent thereafter.*

Other Information

Other relevant information is located in the Statistical Section of this Comprehensive Annual Financial Report.

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About the Cover

Yellow River Water Reclamation Facility

Part of the 2030 Water and Wastewater Master Plan, which supports the County's 2030 Unified Plan

Plan called for an increase in the treatment capacity of the Yellow River Water Reclamation Facility (WRF) from 14.5 million gallons per day (MGD) to 22 MGD

Part of the ongoing upgrades consolidate multiple smaller wastewater reclamation facilities with high unit costs and replace their capacity at Yellow River for economy of scale

