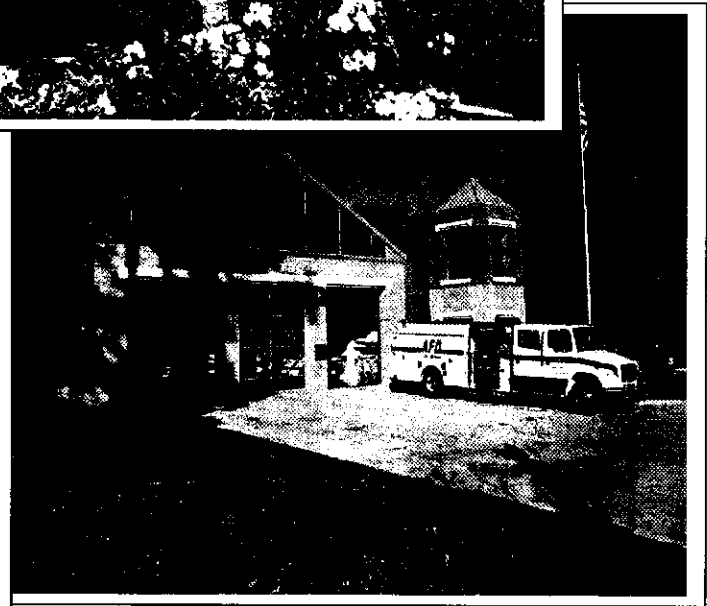
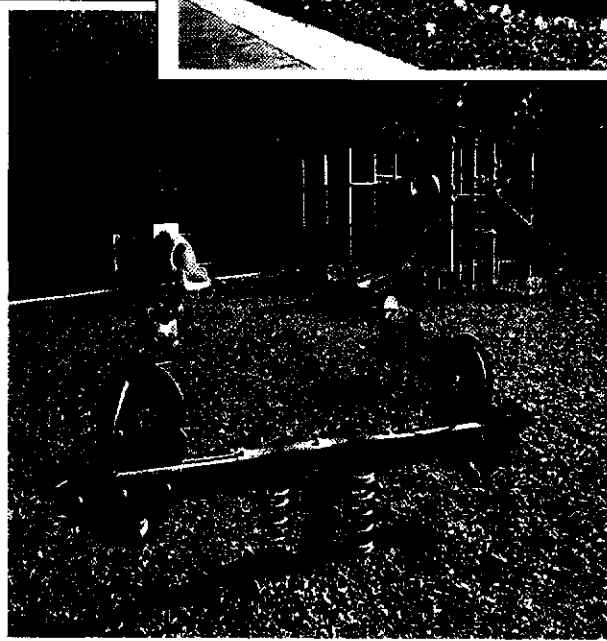
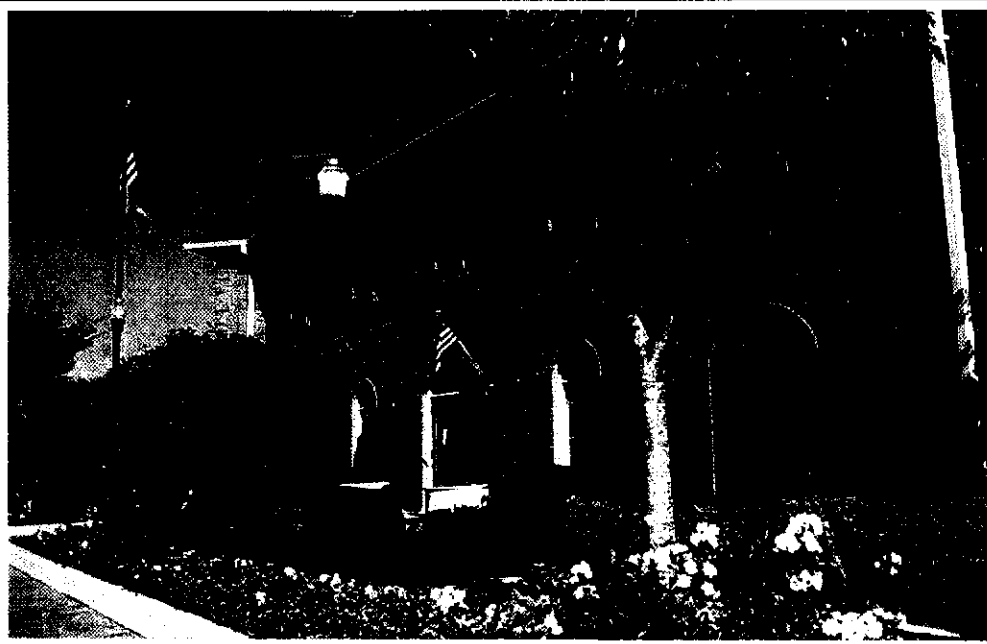


# Alpharetta

GEORGIA USA



COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For year ended June 30, 2003



# Alpharetta

GEORGIA USA

## INTRODUCTORY SECTION

- Letter of Transmittal
- Certificate of Achievement for  
Excellence in Financial Reporting
- Principal Officers
- Organizational Chart

# Alpharetta

GEORGIA • USA

June 30, 2003

## MAYOR

Arthur Letchas

## COUNCIL

D.C. Aiken

Brandon L. Beach

Douglas J. DeRito

Debbie Gibson

Jim Matoney

Jim Paine

## CITY ADMINISTRATOR

Robert J. Regus

Two South Main Street  
Alpharetta, Georgia 30004

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Fax 678/297-6001

[www.alpharetta.ga.us](http://www.alpharetta.ga.us)

24-Hour Information  
678/297-6015



To the Honorable Mayor, Members of the Council,  
Citizens, Businesses, and Stakeholders of the City of Alpharetta:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the City of Alpharetta (City) for the fiscal year ended June 30, 2003.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City 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 reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. 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 City's financial statements have been audited by Grant Thornton, LLC, a nationwide firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2003, are free of material misstatement. The independent audit involved 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, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2003, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require 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). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Government**

The City of Alpharetta, incorporated in 1853, is located in the northern part of Georgia, which is considered to be the top growth area in the state. Originally chartered as the county seat of Milton County, it was named from the Greek words "alpha" meaning first and "retta" meaning town. In 1932, Milton County was merged with Fulton County, and Alpharetta remains one of ten local governments within Fulton County. The City currently occupies a land area of 23 square miles and serves a population of 34,856.

Alpharetta is governed by a Mayor and six Council members. The Mayor is chosen by popular vote. Council members run for a specific post, but are elected by a city-wide vote. City of Alpharetta elected officials serve for terms of four (4) years and until their respective successors are elected and qualified. Terms of office begin on January 2<sup>nd</sup> immediately following the date of election into office. No council member elected and qualified for three (3) consecutive terms shall be eligible for the succeeding term. No mayor elected and qualified for two (2) consecutive terms shall be eligible for the succeeding term. Elections are held every two years and are conducted by the Fulton County Board of Elections.

Policy-making and legislative authority are vested with the governing council and mayor. The governing council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring both the government's administrator and city clerk. The government's administrator is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The council is elected on a non-partisan basis.

The City provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; and recreational activities and cultural events. Sanitation and water services are provided through relationships with other governments and private carriers. The City created a legally separate entity, the Development Authority of Alpharetta, to assist with, among other things, capital funding. Financial information for the authority has been included within this document. Additional information on this entity can be found in Note I.A in the notes to the financial statements.

The annual budget serves as the foundation for the City's financial plan and assists in the control of the financial well-being of the government. All departments of the City are required to submit requests for appropriation to the government's Department of Finance in early-March. The Department of Finance, in conjunction with the government's mayor and administrator use these requests as the starting point for updating previous projections and developing a proposed budget encompassing the City's strategic and operational plans. The government presents the proposed budget to the council for review during publicly held workshops in May and June. The council is required to adopt a final budget no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, and department (e.g., General Fund, Police Department).

Department heads may make transfers of appropriations within a department. A transfer of an appropriation between departments, however, requires the special approval of the governing council. Budget-to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and all major governmental funds, these comparisons are presented beginning on page 57 as part of the required supplementary information. For non-major governmental funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 61. Also included in the governmental fund subsection are project-length budget-to-actual comparisons for each governmental fund for which a project-length budget has been adopted (i.e., the 1998 Bond Funds).

### **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 City operates.

**Local economy.** The City currently enjoys a favorable economic environment and indicators point to not only continued stability but also growth. Businesses located within the Georgia 400 corridor (Georgia 400 highway connects the City of Atlanta north through Roswell to Alpharetta and continues into Forsyth County) have continued to prosper, with recent announcements by major employers about the potential relocation of corporate headquarters to Alpharetta. Already home to many large computer software, telecommunication, financial, and professional service companies such as McKesson HBOC, Mapics, Radiant Systems, MCI, AT & T, Lucent, E\*Trade, and Equifax, Alpharetta continues to be the ideal location for companies on the forefront of the modern economy, in the heart of one of the largest fiber-linked networks in the United States.

Catapulted into the national spotlight by publications such as *USA Today* and *Yahoo! Internet*, Alpharetta's unemployment rate continued to be well below the national average at 2.4 in June 2003. Further, an estimated 1,298 new jobs were created during the fiscal year with building permits for new construction valued at \$107,770,840. Although the effects of the economic downturn which began in late 2001 have been apparent with higher than average repossession rates on luxury homes and vacant class A office space, the City continues to maintain a 99% collection rate on property taxes. Retail sales in the area remain strong with companies continuing to build new stores, such as Crate & Barrel, Lowe's and Wal-Mart.

The government continues to attract and host a considerable number of special events, such as the 2002 Dannon Duathlon ITU World Championships and the Terance Mathis Annual Celebrity Golf Classic. The government sponsored Taste of Alpharetta continues to be a favorite of the locals and is enjoyed by nearly 50,000 people annually. Alpharetta's population is comprised of 40% of our citizens in the 25-44 year old classification, with earnings averaging \$93,575 per household for those ages 35-44 (as of 2000 Census). Thus, sporting, recreation, and special event opportunities promote the City's livability.

**Long-term financial planning.** During the year, the governing council reviewed and adopted a new Financial Management Program (FMP) outlining policy within which the government's finances will continue to maintain sustainability. Although not previously void

of financial policies, the new FMP lends guidance to long-term decision making of the existing and future government leaders and staff. Of the new positions added during the year, two are promoting financial health and stability of the government. An Internal Auditor and Grants Coordinator are directly accountable for contributing to the City's already established financial success story.

Detailed within the following financial statements, the City maintains a General Fund balance reserve equal to 25% of operating expenditures. A contribution to fund balance of \$1,812,919 marks the fifth consecutive year a positive change in fund balance has occurred. Although not by chance, these contribution come about through careful planning including the analysis of costs associated with governmental services, contingency planning, and the use of one-time revenue for non-recurring expenditures. Over 48% of general obligation bond debt will be retired within the next five years, with 98% expected to be retired by 2012.

External to business operations, the governing council adopted a master plan to re-develop a central downtown business district, consisting of 212 acres in order to promote continued re-development. Upon completion, the project could include green space, an expanded City Hall, and mixed-use buildings providing a blend of residential, retail, restaurants, and professional office. Preliminary estimates point to a project timetable of five to ten years. By continuing to promote but manage new development and revitalization of existing residential and commercial properties, the City plays an active role in maintaining property values, thereby supplying revenue through ad valorem taxation and sales tax.

The City participated in the creation of a Commercial Improvement District (CID), with the North Fulton Chamber of Commerce in order to provide a separate entity taxing power as a direct funding source for needed transportation improvements. Although the government has maintained a substantial pay-as-you-go capital funding program coupled by general obligation bond issues for transportation improvement projects, future year residential and commercial growth and sustainability is greatly dependent upon our ability to meet transportation needs. The Metropolitan Atlanta Regional Transportation Authority (MARTA) expanded bus service to park-and-ride lots in key business districts within the City, allowing for connection to rail lines.

**Cash management policies and practices.** Cash temporarily idle during the year was invested in obligations of the U.S. Treasury and repurchase agreements. Two fixed income investment accounts are maintained by the City based upon liquidity requirements. The City's primary investment account has maturities ranging from 30 to 180 days, with an average maturity of .07 years. Longer term investments held in the second account had maturities ranging from 30 days to 36 months, with an average maturity of 1.56 years. The yield on investments was 1.263% to 2.892% for the government. The higher rate of return is attributable to the long-term character of some investment holdings. Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fare value of investments that can be held to maturity.

**Risk management.** During 2003, the government continued to maintain a self-insurance status on workers' compensation, and a partially self-insured status for our employee health insurance program. As part of this comprehensive plan, resources are being accumulated in the general fund to meet potential losses. Beginning with fiscal year 2004, the City will migrate health insurance carriers and begin to administer a fully insured premium plan.

Thus, resources accumulated in prior years will be used for workers' compensation losses. Additional information on the City of Alpharetta's risk management activity can be found in Note V.A of the notes to the financial statements.

**Pension benefits.** The City sponsors a defined benefit pension plan for its employees. Each year, an independent actuary engaged by the pension administrator, Georgia Municipal Association, calculates the amount of the annual contribution that the City must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City fully funds each year's annual required contribution to the pension plan as determined by the actuary. Nonetheless, based upon a tremendous growth in the government coupled with significant salary increases, the City's contributions have funded only 68.7% of the present value of the projected benefits earned by employees as of January 1, 2003. As a result, the City has made a non-scheduled \$1,500,000 contribution to the pension plan in an attempt to raise the funding level. Any remaining unfunded amounts will be systematically funded as a part of the annual required contribution calculated by the actuary.

Additional information on the City of Alpharetta's pension arrangements can be found in Notes V.E in the notes to the financial statements.

#### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Alpharetta for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2002. This was the fourteenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

The government also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated June 30, 2003. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

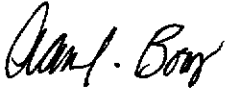
Further, the government also received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for its annual citizen's report dated June 30, 2002. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Department of Finance. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the governing council



for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "A. J. Bovos". The signature is written in a cursive, flowing style.

Aaron J. Bovos, CGFM  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Alpharetta,  
Georgia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2002

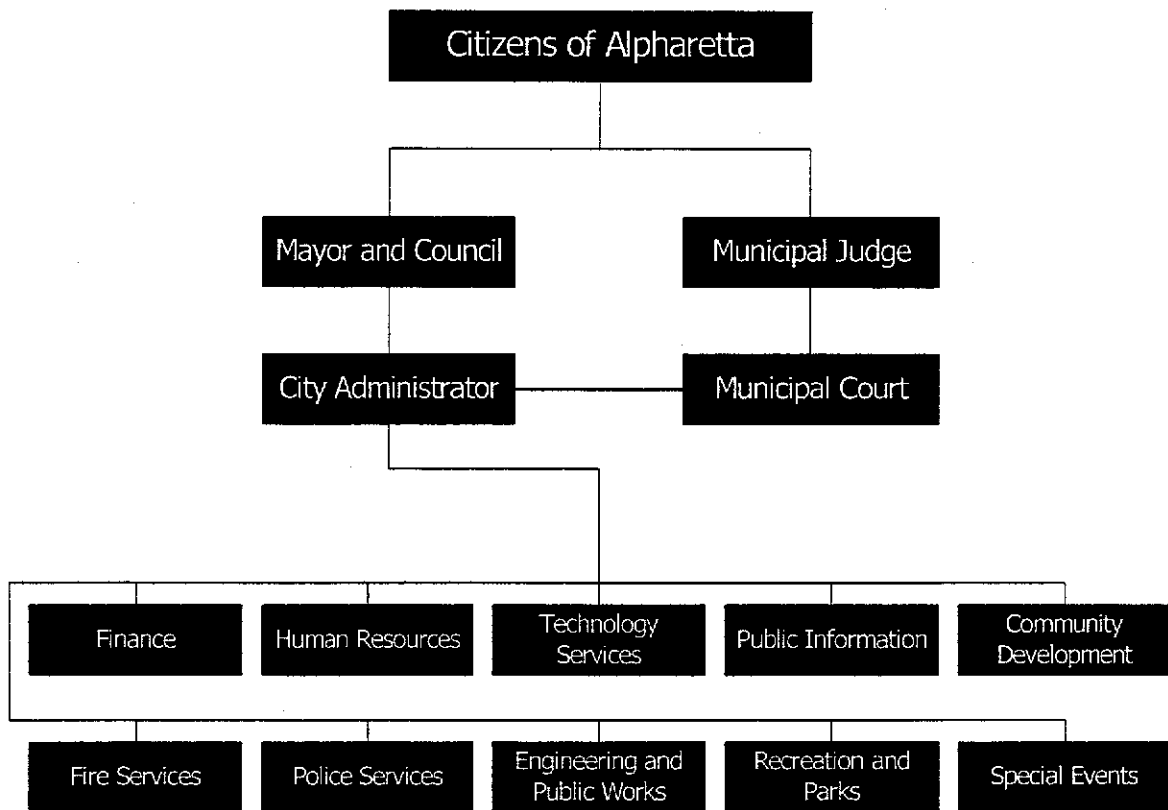
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

City of Alpharetta  
Organizational Chart  
June 30, 2003



City of Alpharetta  
List of Elected and Appointed Officials  
June 30, 2003

Elected Officials

Mayor	Arthur Letchas
Council Member – Post 1	Doug DeRito
Council Member – Post 2	Jim Paine
Council Member – Post 3	Jim Matoney
Council Member – Post 4	Debbie Gibson
Council Member – Post 5	Brandon Beach
Council Member – Post 6	D. C. Aiken
Municipal Judge	Scott N.G. Childress

Officials

City Administrator	Robert J. Regus
City Attorney	Sam Thomas
City Clerk	Sue Rainwater
Fire Chief	William Bates
Director of Finance	Aaron J. Bovos
Human Resources Director	Shannon Forester
Engineering & Public Works Director	John Moskaluk
Director of Technology Services	Robert Mullis
Recreation & Parks Director	Mike Perry
Court Clerk	Elizabeth Sahlin
Police Chief	Gary George
Community Development Director	Diana Wheeler
Director of Public Information	Kelly Collins
Director of Special Events	Janet Rodgers

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# Alpharetta

GEORGIA USA

## FINANCIAL SECTION

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
  - Government-wide Financial Statements
  - Fund Financial Statements
    - Required Supplementary Information
    - Combining, Individual Fund Statements and Schedules



The accompanying management's discussion and analysis on pages 17 through 28 and the actuarial and budgetary comparison information on pages 56 and 57 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Alpharetta, Georgia's basic financial statements. The accompanying supplemental information on pages 58 to 68, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. These combining financial statements, budgetary schedules and capital assets schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2003 on our consideration of the City's internal control over financial reporting. That report is an integral part of an audit conducted in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Grant Thornton LLP*

Atlanta, Georgia  
October 24, 2003



## Report of Independent Certified Public Accountants

Honorable Mayor and  
Members of City Council  
City of Alpharetta, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Alpharetta, Georgia, as of and for the year ended June 30, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Alpharetta, Georgia, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Notes I-B and VI to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments*, Governmental Accounting Standards Board Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, and Governmental Accounting Standards Board Statement No. 38, *Certain Financial Statement Note Disclosures* in 2003.

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Grant Thornton LLP  
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The appropriated budget is prepared by fund, department, and function. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The council made supplemental budgetary appropriations during a mid-year review process, including a \$773,461 increase in expenditure appropriations in the General Fund; \$255,157 increase in expenditure appropriations in the debt service fund budget related to the advance refunding; and a \$42,682 increase in expenditure appropriations in the Emergency 911 Special Revenue Fund.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are not reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year for newly appropriated funds during the budget process.

## **B. Excess of expenditures over appropriations**

For the fiscal year ended June 30, 2003, expenditures exceeded appropriations in the Culture/Recreation departments (the legal level of budgetary control) of the Community Greenspace Special Revenue Fund by \$179,419, and \$199,389 in the Hotel/Motel Special Revenue Fund. These over expenditure were funded by unallocated grant proceeds in the Community Greenspace Fund, and greater than anticipated revenues in the Hotel/Motel Fund. General government expenditures in the Impact Fee Fund exceeded appropriations by \$7,804. The general government expenditure in this fund is equal to three percent of revenues to cover administrative costs associated with this program. Revenues exceeded appropriations by \$389,022, resulting in additional administrative fees.

## **IV. Detailed notes on all funds**

### **A. Deposits and investments**

At year end, the government's carrying amount of cash and cash equivalent deposits was \$2,315,619 and the bank balance was \$1,988,504. The bank balances differ from the carrying amounts due to outstanding checks and deposits. The City's deposits are covered by Federal Depository Insurance or by collateral held by the City or it's agent in the City's name.

Investments are categorized into these three categories of credit risk:

- a. Insured or registered, or securities held by the government or its agent in the government's name.
- b. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name.
- c. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the government's name.

At year end, the government's investment balances were categorized as follows:

	Category			Reported Amount/ Fair Value
	1	2	3	
U.S. Government securities	<u>\$ 22,842,386</u>			<u>\$ 22,842,386</u>
Total	<u>\$ 22,842,386</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,842,386</u>

## B. Receivables

Receivables as of year end for the government's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Capital Project	Water	Nonmajor and Other Funds	Total
Receivables:						
Taxes						
Property	\$ 315,698	\$ 133,223	\$ -	\$ -	\$ -	\$ 448,921
Other	1,982,783	-	-	-	-	1,982,783
Other		-	-	-	202,431	202,431
Accounts	43,361	-	-	565,354	339,476	948,191
Intergovernmental	339,215	-	17,239	-	-	356,454
Gross receivables	2,681,057	133,223	17,239	565,354	541,907	3,938,780
Less: allowance for Uncollectibles	<u>(4,558)</u>	<u>(1,998)</u>	<u>-</u>	<u>(4,474)</u>	<u>(6,812)</u>	<u>(17,842)</u>
Net total receivables	<u>\$ 2,676,499</u>	<u>\$ 131,225</u>	<u>\$ 17,239</u>	<u>\$ 560,880</u>	<u>\$ 535,095</u>	<u>\$ 3,920,938</u>

Revenues of the Water and Sewer Authority are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to water/sewer charges	<u>\$ 3,808</u>
Total uncollectibles of the current fiscal year	<u>\$ 3,808</u>

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned
General Fund		
Delinquent property taxes receivable	\$ 153,843	-
Intergovernmental receivable	310,794	-
Accounts receivable billing	38,119	-
Grant drawdown prior to meeting all eligibility requirements		19,859
Debt Service Fund		
Delinquent property taxes receivable	79,897	-
Capital Project Fund		
Capital project assessments not yet due	2,050	-
Payments for projects not yet started	-	166,731
Community Greenspace Fund		
Grant receipts prior to meeting eligibility requirements	-	82,574
Total deferred/unearned revenue for governmental funds	<u>\$ 584,703</u>	<u>\$ 269,164</u>

### C. Capital assets

Capital asset activity for the fiscal year ended June 30, 2003 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 20,012,738	\$ 344,704	\$ (643)	\$ 20,356,799
Construction in progress	-	4,274,996	-	4,274,996
Total capital assets, not being depreciated	<u>20,012,738</u>	<u>4,619,700</u>	<u>(643)</u>	<u>24,631,795</u>
Capital assets, being depreciated:				
Buildings	27,100,684	182,103	-	27,282,787
Improvements other than buildings	5,136,310	6,701	(27,925)	5,115,086
Machinery and equipment	10,550,008	2,613,732	(604,167)	12,559,573
Infrastructure	-	463,434	(8,247)	455,187
Total capital assets, being depreciated	<u>42,787,002</u>	<u>3,265,970</u>	<u>(640,339)</u>	<u>45,412,633</u>
Less accumulated depreciation for:				
Buildings	(4,012,284)	(709,973)	2,571	(4,719,686)
Improvements other than buildings	(1,129,333)	(303,303)	-	(1,432,636)
Machinery and equipment	(6,494,183)	(1,228,705)	72,466	(7,650,422)
Infrastructure	(27,095)	(20,781)	-	(47,876)
Total accumulated depreciation	<u>(11,662,895)</u>	<u>(2,262,762)</u>	<u>75,037</u>	<u>(13,850,620)</u>
Total capital assets, being depreciated, net	<u>31,124,107</u>	<u>1,003,208</u>	<u>(565,302)</u>	<u>31,562,013</u>
Governmental activities capital assets, net	<u>\$ 51,136,845</u>	<u>\$ 5,622,908</u>	<u>\$ (565,945)</u>	<u>\$ 56,193,808</u>

Beginning balance figures are reflective of minor reclassifications due to the implementation of Governmental Accounting Standards Board statement 34.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Buildings and system	\$ 6,192,504	\$ 29,247	\$ -	\$ 6,221,751
Machinery and equipment	460,903	-	-	460,903
Total capital assets, being depreciated	<u>6,653,407</u>	<u>29,247</u>	<u>-</u>	<u>6,682,654</u>
Less accumulated depreciation for:				
Buildings and system	(1,813,801)	(169,491)	-	(1,983,292)
Machinery and equipment	(234,402)	(42,017)	-	(276,419)
Total accumulated depreciation	<u>(2,048,203)</u>	<u>(211,508)</u>	<u>-</u>	<u>(2,259,711)</u>
Total capital assets, being depreciated, net	<u>4,605,204</u>	<u>(182,261)</u>	<u>-</u>	<u>4,422,943</u>
Business-type activities capital assets, net	<u>\$ 4,605,204</u>	<u>\$ (182,261)</u>	<u>\$ -</u>	<u>\$ 4,422,943</u>

Depreciation expense was charged to functions / programs of the primary government as follows:

<b>Governmental activities:</b>	
General government	\$ 189,033
Public safety	1,036,301
Highways and streets, including depreciation of general infrastructure assets	322,737
Economic and Community Development	45,091
Culture and recreation	<u>669,600</u>
Total depreciation expense - governmental activities	<u>\$ 2,262,762</u>
<b>Business-type activities:</b>	
Water	<u>\$ 211,508</u>
Total depreciation expense - business-type activities	<u>\$ 211,508</u>

### Construction commitments

The government has active construction projects as of June 30, 2003. The projects include street construction in areas with high congestion and commute times, sidewalks and pedestrian pathways in areas previously void of such amenities, and traffic projects including signal interconnect systems and a transportation control system. At year end the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Sidewalk and Pedestrian Projects	\$ 1,525,587	\$ 628,964
Street Improvements	2,120,261	332,359
Traffic Projects	166,438	22,373
Total	<u>\$ 3,812,286</u>	<u>\$ 983,696</u>

The projects above are being financed primarily through the Capital Project Fund, using pay-as-you-go funding sources. Proceeds from the 1998 General Obligation Bond issue have been utilized to fund major thoroughfare constructions.

#### **D. Interfund receivables, payables, and transfers**

The composition of interfund balances as of June 30, 2003, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Water and sewer	\$ 259,000
General	Hotel Motel	80,972
Total		<u>\$ 339,972</u>

Due to/from primary government and component units:

Interfund transfers:

<u>Transfers In:</u>				
<u>Transfer out:</u>	<u>Debt Service Fund</u>	<u>Capital Project Fund</u>	<u>Solid Waste</u>	<u>Total</u>
General fund	\$ -	\$ 3,605,000	\$ 60,000	\$ 3,665,000
Nonmajor governmental funds	1,100,000	-	-	1,100,000
Total transfers out	<u>\$ 1,100,000</u>	<u>\$ 3,605,000</u>	<u>\$ 60,000</u>	<u>\$ 4,765,000</u>

In the fund financial statements, total transfers in of \$4,765,000 are equal to total transfers out. During the year no existing capital assets were transferred to other funds.

#### **E. Leases**

##### Operating Leases

The government leases building and office facilities and other equipment under non-cancelable operating leases. Total costs for such leases were \$74,684 for the fiscal year ended June 30, 2003. The future minimum lease payments for these leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2004	\$ 207,078
2005	210,991
2006	216,980
2007	222,105
2008	173,331
2009	37,713
Total	<u>\$ 1,068,198</u>

## Capital Leases

The City retired all obligations on capital leases for governmental activities during fiscal year 2003.

## **F. Long-term debt**

### General Obligation Bonds

The governmental issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. The original amount of general obligation bonds issued in prior years was \$64,400,000. During the year, general obligation refunding bonds totaling \$13,000,000 were issued.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 25-year serial bonds with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	3.5 - 6.5%	\$ 36,080,000
Governmental activities - refunding	2.0 - 4.375%	12,785,000
		<u>\$ 48,865,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Fiscal Year Ending</u> <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2004	\$ 3,730,000	\$ 2,311,069
2005	4,235,000	2,129,571
2006	4,780,000	1,945,217
2007	5,325,000	1,744,806
2008	5,965,000	1,479,556
2009-2013	24,830,000	2,739,400
Total	<u>\$ 48,865,000</u>	<u>\$ 12,349,619</u>

### Revenue bonds

The government also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. The original amount of revenue bonds issued in prior years was \$2,470,000. Revenue bonds outstanding at year end are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Water	4.435%	\$ 1,825,000

Revenue bond debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest
2004	\$ 180,000	\$ 78,943
2005	190,000	70,849
2006	195,000	62,423
2007	205,000	53,664
2008	215,000	44,461
2009	225,000	34,815
2010	185,000	20,058
2011	430,000	17,074
Total	<u>\$ 1,825,000</u>	<u>\$ 382,287</u>

#### Advance and current refundings

The government issued \$13,000,000 of general obligation bonds to refunding bonds during fiscal year 2003. As a result, the refunded bonds which were originally issued in 1995 are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$1,027,732. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. The advance refunding was undertaken to reduce total debt service payments over the next nine years and resulted in an economic gain and a present value of cash flow of \$615,644.

#### Development Authority of Alpharetta Revenue Bonds

During fiscal year 1999, the Development Authority of Alpharetta entered into an agreement with Georgia State University Foundation to construct and finance an education facility. As a result, 20-year revenue bonds were issued by the Authority. The City has a contract with the Development Authority in which it is obligated to pay 16.5% of the total principal and interest payments on the bonds. In conjunction with this agreement, the Foundation entered into a direct financing lease in which the Foundation's lease payments cover the remaining 83.5% of the annual principal and interest payments on the bonds. The bonds are payable on May 1 and November 1, serially to fiscal year 2019.

The annual requirements to amortize the Development Authority's portion (83.5%) of the revenue bonds outstanding as of June 30, 2003 are as follows:

Fiscal Year Ending June 30	Principal	Interest
2004	\$ 359,050	\$ 344,736
2005	375,750	330,681
2006	388,275	315,876
2007	404,975	300,307
2008	421,675	339,970
2009-2019	6,012,000	1,622,770
Total	<u>\$ 7,961,725</u>	<u>\$ 3,254,340</u>



## Notes Payable

The annual requirements to amortize the note payable to the Development Authority for the City's share (16.5%) of the bonds as of June 30, 2003 are as follows:

Fiscal Year Ending June 30	Principal	Interest
2004	\$ 70,950	\$ 68,121
2005	74,250	65,344
2006	76,725	62,419
2007	80,025	59,342
2008	83,325	56,095
2009-2019	1,188,000	331,752
Total	<u>\$ 1,573,275</u>	<u>\$ 643,073</u>

## Changes in long-term liabilities

Longer-term liability activity for the fiscal year ended June 30, 2003, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Bonds payable:					
General obligation bonds	\$ 51,185,000	\$ 13,000,000	\$ (15,320,000)	\$ 48,865,000	\$ 3,730,000
Less deferred amounts:					
On refunding	-	(1,027,732)	16,997	(1,010,735)	(12,254)
Total bonds payable	<u>51,185,000</u>	<u>11,972,268</u>	<u>(15,303,003)</u>	<u>47,854,265</u>	<u>3,717,746</u>
Notes Payable	1,641,750	-	(68,475)	1,573,275	70,950
Capital leases	455,810	-	(455,810)	-	-
Claims	879,815	842,234	(879,815)	842,234	494,827
Compensated absences	1,269,915	1,182,114	(892,792)	1,559,237	632,161
Governmental activity					
Long-term liabilities	<u>\$ 55,432,290</u>	<u>\$ 13,996,616</u>	<u>\$ (17,599,895)</u>	<u>\$ 51,829,011</u>	<u>\$ 4,915,684</u>
<b>Business-type activities:</b>					
Bonds payable:					
Revenue bonds	\$ 1,995,000	\$ -	\$ (170,000)	\$ 1,825,000	\$ 180,000
Total bonds payable	<u>1,995,000</u>	<u>-</u>	<u>(170,000)</u>	<u>1,825,000</u>	<u>180,000</u>
Customer Deposits	223,777	140,139	(67,230)	296,686	-
Compensated absences	49,390	30,457	(32,067)	47,780	24,047
Business-type activity					
Long-term liabilities	<u>\$ 2,268,167</u>	<u>\$ 170,596</u>	<u>\$ (269,297)</u>	<u>\$ 2,169,466</u>	<u>\$ 204,047</u>

## **G. Restricted assets**

The balances of the restricted asset accounts in the governmental funds are as follows:

1998 General Obligation Proceeds	\$ 8,686,689
----------------------------------	--------------

The balances of the restricted asset accounts in the proprietary funds are as follows:

Revenue Bond Debt Service Account      \$    1,645,519

## V. Other information

### A. Risk management

The government is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omission; and natural disasters for which the government carries commercial insurance. The government established a limited risk management program for workers' compensation. Premiums are paid into the general fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program. These interfund premiums are used to reduce the amount of claims expenditure reported in the general fund. As of June 30, 2003, such interfund premiums did not exceed reimbursable expenditures.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage award. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. An excess coverage insurance policy covers medical claims exceeding \$696,000 in the aggregate per year. Workers' compensation claims exceeding \$200,000 per incident are insured through a private insurance carrier, where as liability claims below the \$10,000 are paid directly by the government. It is the City's intention to maintain an equity balance of \$1,000,000 to cover catastrophic claims of workers' compensation and medical insurance. Changes in the balances of claims liabilities during the past two years are as follows:

	Fiscal Year ended 6/30/2003	Fiscal Year ended 6/30/2002
Unpaid claims, beginning of fiscal year	\$ 879,815	\$ 225,242
Incurred claims (including IBNRs)	2,657,736	2,223,781
Claim payments	(3,042,724)	(1,569,208)
Unpaid claims, end of fiscal year	<u>\$ 494,827</u>	<u>\$ 879,815</u>

### B. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the government.

The City has contracted with Browning-Ferris Industries, Inc. for refuse collection, including recycling, until March 31, 2005.

In conjunction with the issuance of the revenue bonds by the Development Authority of Alpharetta ("Authority") for the purpose of benefiting the Georgia State University Foundation ("Foundation"), the City is liable for the repayments of the revenue bonds in the event of default by either the Authority or the Foundation.

### **C. Joint Venture**

Under Georgia law, the government, in conjunction with other cities around the Metropolitan Atlanta Georgia area, is a member of the Atlanta Regional Commission (ARC) and is required to pay annual dues thereto. Membership in ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organization structure of ARC. ARC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from ARC, 200 North Creed, Suite 300, 3715 Northside Parkway, Atlanta, Georgia 30327.

### **D. Employee retirement systems and pension plans**

#### **Pension plans – primary government**

The government maintains a single-employer, defined benefit pension plan that covers all of its employees known as the City of Alpharetta Retirement Plan (the "Plan"). The City's plan is affiliated with the Georgia Municipal Employees Benefit System ("System"), an agent multiple-employer public retirement system that acts as a common investment and administrative agent for the cities in the State of Georgia.

*Plan description.* All full-time City employees, City officials and the judge of the Municipal court are eligible to participate in the System. Benefits vest after five years of service. City employees who retire at or after age 65 (55 for the police and firemen) with 5 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to a split percent 1% to 2% of their highest five year average salary during employment. City officials and the municipal court judge receive a lifetime benefit at age 65 of \$25 per month for each year of service to the City. There is no waiting period to become eligible to participate in the plan for City officials and the municipal court judge. These benefit provisions and all other requirements are established by the City Council. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

*Funding policy.* Participants are not required to contribute to the Plan. The City's policy is to contribute 100% of the amount necessary to fund the Plan according to the annual actuarial calculations. The City currently contributes 4.5% of covered payroll.

*Annual pension cost.* For 2003, the government's annual pension cost of \$931,642 was equal to the government's required and actual contributions. The required contribution was determined

as part of the January 1, 2003, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8 percent a year compounded annually, (b) projected salary increases of 4.0 percent a year for inflation compounded annually plus a graduated increase for merit or seniority ranging from 0.0 percent to 3.0 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a ten-year period. This plan does not provide for post retirement benefit increases. The plan's period for amortizing the initial unfunded actuarial accrued liability is 30 years from 1982. Current changes in the unfunded actuarial accrued liability are amortized over 15 years for actuarial gains and losses, 20 years for plan provision changes and 30 years for actuarial assumptions and cost methods as a percentage of payroll. Amortization periods are closed for the current year.

#### Annual Pension Percentage of APC

<u>Annual Pension Percentage of APC</u>			
<u>Fiscal Year Ending</u>	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Net Pension Obligation</u>
1998	\$ 252,785	100%	-
1999	\$ 300,634	100%	-
2000	\$ 531,861	100%	-
2001	\$ 647,319	100%	-
2002	\$ 801,437	100%	-
2003	\$ 931,642	100%	-

#### **E. Changes in Accounting Principles and Fund Consolidation**

Effective July 1, 2002, the City implemented the provisions of Government Accounting Standards Board Statement No. 34, *Basis Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments – Omnibus*, and Statement No. 38, *Certain Financial Statement Note Disclosures*. The implementation of these new accounting statements significantly changed the reporting model and reporting requirements for the City. As provided for by GASBS 34, the City has not included infrastructure assets acquired prior to June 1, 2002. The City intends to identify and report infrastructure assets acquired prior to July 1, 2002 in a later year, but no later than June 30, 2007.

For the year ended June 30, 2002, the activities of risk management were presented as an internal service fund, known as the Risk Management Fund. During the year ended June 30, 2003 the Risk Management Fund was closed and financial transactions associated with that activity have been included in their respective functions.

The implementation of these new statements required the following calculation to establish beginning net assets for government activities.

Total governmental fund balances as of June 30, 2002	\$ 33,213,486
Risk management fund balance as of June 30, 2002	720,909
Total fund balances	<u>33,934,395</u>
Capital Assets	51,136,845
Long-term liabilities	-
General Obligation Bonds	(51,185,000)
Notes Payable	(1,641,750)
Capital Leases Payable	(455,810)
Compensated Absences Payable	(783,905)
Accrued Interest Payable	(470,118)
Deferred Revenue	<u>388,334</u>
Total net assets - governmental activities as of June 30, 2002	<u><u>\$ 30,922,991</u></u>

# Required Supplementary Information

## City of Alpharetta Retirement Plan Schedule of funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (U A A L) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a) / c]
2003	\$7,122,434	\$10,369,057	\$3,246,623	68.7%	\$12,311,080	26.4%
2002	6,502,639	8,385,510	1,882,871	77.5%	10,423,331	18.1%
2001	5,462,900	7,050,281	1,587,381	77.5%	9,113,462	17.4%
2000	4,688,370	5,513,888	825,518	85.0%	7,134,366	11.6%
1999	4,056,546	4,402,166	345,620	92.1%	6,274,597	5.5%
1998	3,142,858	3,459,228	316,370	90.9%	4,796,176	6.6%
1997	2,651,334	2,898,665	247,331	91.5%	4,166,784	5.9%

City of Alpharetta  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property Tax	\$ 10,635,695	\$ 10,635,695	\$ 11,924,892	\$ 1,289,197
Local Option Sales Tax	3,350,000	4,850,000	5,638,618	788,618
Other Taxes	8,301,114	8,350,620	9,057,086	706,466
Licenses and permits	1,428,900	1,428,900	1,096,780	(332,120)
Intergovernmental	354,500	354,500	421,048	66,548
Charges from services	2,445,468	2,477,468	2,228,039	(249,429)
Fines/Forfeitures	750,000	1,100,000	2,059,053	959,053
Investment earnings	250,000	288,500	378,709	90,209
Other	91,200	100,050	790,857	690,807
Total revenues	<u>27,606,877</u>	<u>29,585,733</u>	<u>33,595,082</u>	<u>4,009,349</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Elections	32,000	32,000	100	31,900
Contingency	200,000	200,000	-	200,000
Mayor and Council	186,677	201,982	146,108	55,874
Municipal Court	487,541	502,759	482,177	20,582
Legal	365,000	365,000	311,056	53,944
City Administrator	1,008,743	1,032,373	993,205	39,168
Finance	1,047,817	1,109,444	1,072,625	36,819
Human Resources	555,846	746,110	716,136	29,974
Technology Services	918,007	937,947	923,057	14,890
Public Information	-	105,869	74,204	31,665
Engineering	1,237,815	1,237,815	1,189,712	48,103
Non-Departmental	35,000	1,535,000	1,535,000	-
Total general government	<u>6,074,446</u>	<u>8,006,299</u>	<u>7,443,380</u>	<u>562,919</u>
Public safety:				
Police	5,734,040	5,827,816	5,706,840	120,976
Fire	5,769,995	5,760,259	5,549,745	210,514
Total public safety	<u>11,504,035</u>	<u>11,588,075</u>	<u>11,256,585</u>	<u>331,490</u>
Public works	4,557,612	3,298,199	3,150,609	147,590
Economic and community development	1,653,730	1,644,418	1,504,797	139,621
Culture and recreation	5,065,869	5,092,162	4,797,095	295,067
Total expenditures	<u>28,855,692</u>	<u>29,629,153</u>	<u>28,152,466</u>	<u>1,476,687</u>
Excess of revenues over expenditures	<u>(1,248,815)</u>	<u>(43,420)</u>	<u>5,442,616</u>	<u>5,486,036</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(3,665,000)	(3,665,000)	(3,665,000)	-
Sale of capital assets	-	-	35,303	35,303
Total other financing sources and uses	<u>(3,665,000)</u>	<u>(3,665,000)</u>	<u>(3,629,697)</u>	<u>35,303</u>
Net change in fund balances	<u>(4,913,815)</u>	<u>(3,708,420)</u>	<u>1,812,919</u>	<u>5,521,339</u>
Fund balances - beginning	12,115,713	12,115,713	12,115,713	-
Fund balances - ending	<u>\$ 7,201,898</u>	<u>\$ 8,407,293</u>	<u>\$ 13,928,632</u>	<u>\$ 5,521,339</u>

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

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**City of Alpharetta**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2003**

	Special Revenue					Total Nonmajor Governmental Funds
	Hotel Motel	Community Greenspace	Emergency 911	Impact Fee	Drug Enforcement	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 10,680	\$ 2,951	\$ 110,125	\$ 31,789	\$ 54,328	\$ 209,773
Investments	42	79,723	658,199	857,376	-	1,595,340
Taxes Receivable	202,431	-	-	-	-	202,431
Accounts Receivable	-	-	95,117	-	-	95,117
Total assets	\$ 213,153	\$ 82,574	\$ 863,441	\$ 889,165	\$ 54,328	\$ 2,102,661
<b>LIABILITIES</b>						
Accounts payable	\$ 121,459	\$ -	\$ 25,283	\$ -	\$ 2,820	\$ 149,562
Accrued Salaries	-	-	15,299	-	-	15,299
Compensated Absences	-	-	19,828	-	-	19,828
Due to Other fund	80,972	-	-	-	-	80,972
Unearned Revenue	-	82,574	-	-	-	82,574
Total liabilities	202,431	82,574	60,410	-	2,820	348,235
<b>FUND BALANCES</b>						
Reserved	-	-	-	889,165	-	889,165
Reserved for Capital Projects	-	-	-	-	51,508	51,508
Reserved for Public Safety	-	-	-	-	-	-
Unreserved	10,722	-	803,031	-	-	813,753
Designated for Operations	10,722	-	803,031	889,165	51,508	1,754,426
Total fund balances	\$ 213,153	\$ 82,574	\$ 863,441	\$ 889,165	\$ 54,328	\$ 2,102,661
Total liabilities and fund balances						

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

## **Non-major Governmental Funds**

### **Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**Hotel/Motel Fund** – This fund is used to account for the occupancy tax collected by the City from area hotels and motels, and distributed based upon state statute. The City is currently collecting this tax at a rate of 7%.

**Community Greenspace Fund** – This fund was established pursuant to the City's participation in the statewide greenspace grant program. Revenues are derived directly from the state and restricted to capital expensed relating to the acquisition of passive greenspace, with the goal that 20% of jurisdictional landmass would be dedicated to passive parkland.

**Emergency 911 Fund** - This fund is used to account for funds received from users, or potential users, of the Emergency 911 System. Revenues received by the City are paid directly from wired or wireless telecommunication providers, with expenditures occurring to maintain and run the system within the City.

**Impact Fee Fund** – Established to account for fees assessed upon development activity, these fees are collected to pay for system improvements (recreation/parks, streets, and public safety) as detailed within the government's impact fee ordinance.

**Drug Enforcement Agency Fund** – Established to account for funds received from the enforcement of drug laws, shared revenues resulting from the confiscation of property from drug offender's arrests can be used by law enforcement to aid in that activity. Funds cannot be used to supplant the normal operating budget of the Police Department.

**City of Alpharetta  
Miscellaneous Statistics  
June 30, 2003**

Date of Incorporation	1858
Date First Charter Adopted:	1858
Date Present Charter Adopted:	July 1, 1981
Number of employees (excluding police and fire):	166
Non-exempt	91
Exempt	75
Area in square miles	23
Bond Rating:	
Moody's Investor Service	Aa1
Standard & Poor's	AA+
Name of Government facilities and services:	
Mile of streets	
Streets - Paved	280
Streets - Unpaved	2
Number of street lights	4,189
Culture and Recreation:	
Athletic Fields	28
Community centers	4
Hockey Rinks	2
Parks	7
Park acreage	764 (including passive)
Recreation Buildings	11
Swimming pools	2
Tennis courts	17
Fire Protection:	
Number of stations	5
Number of fire personnel and officers	83
Insurance Services Office (ISO) Fire Classification	3
Number of calls answered	4,472
Number of inspections conducted	4,399
Police Protection:	
Number of stations	1
Number of police personnel and officers	96
Number of patrol units	86
Number of Police Motorcycles	6
Number of law violations:	22,919
Physical arrests	1,812
Traffic violations	21,107

**City of Alpharetta**  
**Property Value, Construction and Bank Deposits**  
**Last Ten Fiscal Years**

Fiscal Year	Property Value			Commercial & Residential Construction			Bank Deposits
	Commercial	Residential	Total	Number of Permits	Value		
1994	\$ -	\$ -	\$ -	801	\$ 117,607,974	\$ 979,681	
1995	488,291,128	340,695,006	828,986,134	835	\$ 172,713,513	\$ 496,845	
1996	573,637,815	390,292,508	963,930,323	981	\$ 281,265,077	\$ 28,755,463	
1997	602,585,800	467,999,370	1,070,585,170	1,210	\$ 324,785,863	\$ 26,186,350	
1998	764,937,171	528,278,479	1,293,215,650	1,449	\$ 387,728,080	\$ 42,139,143	
1999	1,090,170,741	623,513,422	1,713,684,163	1,351	\$ 379,236,535	\$ 38,553,400	
2000	1,283,592,157	578,896,309	1,862,488,466	1,230	\$ 390,391,126	\$ 42,386,630	
2001	1,491,139,667	733,199,270	2,224,338,937	1,184	\$ 395,062,028	\$ 4,454,441	
2002	1,681,297,296	823,120,101	2,504,417,397	654	\$ 194,086,854	\$ 19,844,796	
2003	1,805,118,122	949,632,120	2,754,750,242	853	\$ 136,995,004	\$ 1,988,504	

**City of Alpharetta**  
**Miscellaneous Statistics**  
**June 30, 2003**

<b>Sewerage System:</b>	
Miles of sanitary sewers	147.95
Miles of storm sewers	40 piped & 140 open drainage
Number of treatment plants	Service provided by Fulton County
Number of service connections	395
Daily average treatment in gallons	Service provided by County
<b>Water System:</b>	
Miles of water mains	95
Number of Fire Hydrants	575
Number of service connections	3,563
Daily average consumption in gallons	1,722,222 gallons
Maximum daily capacity of plant in gallons	Water Purchased from Fulton County
<b>Municipal Sanitation Service:</b>	
Number of consumers	9,358
<b>Education:</b>	
Elementary	5
Middle School	2
High School	1
College	4
<b>Elections:</b>	
Number of Registered Voters	16,400
Number of Votes Cast in last Municipal Election	2,630
Percentage of Registered Voters Participation	
Voting in Last Municipal Election	11%
<b>Facilities and services not included in the reporting entity:</b>	
<b>Hospitals:</b>	
Number of hospitals	0
Number of patient beds	N/A

**City of Alpharetta**  
**Hotel/Motel Collections and Expenditures**  
**Year ended June30, 2003**

Collection Period from July 1st to June 30th  
Expenditures and Obligations

<u>Collection Rate</u>	<u>Hotel/Motel Tax Collected</u>	<u>Hotel/Motel Tax Expended</u>	<u>Hotel/Motel Tax Obligated</u>	<u>Hotel/Motel Tax Expended or Obligated</u>	<u>Expended or Obligated as a Percentage of Collected</u>
7%	\$ 2,302,389	\$ 2,302,389	\$ -	\$ 2,302,389	100%

This page included as the City's compliance with the reporting laws on Hotel/Motel Occupancy tax.

	Page
Schedules of Revenues, Expenditures, and Changes in	
Fund Balance – Budget and Actual (continued):	
Emergency 911 Special Revenue Fund.....	66
Impact Fee Special Revenue Fund.....	67
Drug Enforcement Agency Special Revenue Fund .....	68
Capital Assets Used in the Operation of Governmental Funds:	
Comparative Schedules by Source.....	70
Schedule by Function and Activity .....	71
Schedule of Changes by Function and Activity .....	72

## STATISTICAL SECTION

Government-wide information:	
Government-wide Expenses by Function .....	73
Government-wide Revenues .....	74
Fund information:	
General Governmental Expenditures by Function .....	75
General Governmental Revenues by Source.....	76
General Governmental Tax Revenues by Source.....	76
Property Tax Levies and Collections .....	77
Assessed and estimated Actual Value of Property .....	78
Property Tax Rates – Direct and Overlapping Governments .....	79
Principal Taxpayers .....	80
Computation of Legal Debt Margin .....	81
Ratio of Net General Obligation Bonded Debt to Assessed	
Value and Net General Obligation Bonded Debt per Capita.....	82
Ratio of Annual Debt Service Expenditures for General	
Obligation Bonded Debt to Total General Governmental Expenditures.....	83
Computation of Direct and Overlapping Bonded Debt-	
General Obligation Bonds.....	84
Revenue Bond Coverage – Water Revenue Bonds .....	85
Demographic Statistics .....	86
Property Value, Construction, and Bank Deposits .....	87
Miscellaneous Statistics .....	88
Hotel/Motel Collections and Expenditures .....	90

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Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Solid Waste activities, both of which are presented as major funds of the City. The Water distribution system, however, is the only major fund but the Solid Waste operation is the only other proprietary fund the City maintains.

The proprietary fund financial statements can be found on pages 34-36 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 government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City of Alpharetta does not maintain or use any fiduciary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-55 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 56-68 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 59-60 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Alpharetta, assets exceeded liabilities by \$37,832,723 at the close of the most recent fiscal year. Although significant, this number is expected to incrementally increase each year until the capitalization of infrastructure (capital) assets is complete.

By a narrow margin, the largest portion of the City's net assets (44.90 percent) reflects restricted net assets. Restricted net assets are subject to external restrictions on how they may be used, and are therefore not available for general purposes. At the close of fiscal year 2003 the City's restricted net assets were \$16,990,626, representing \$14,292,904 obligated for capital projects and \$2,697,722 restricted for the repayment of general obligation bond debt.

The second largest portion of the City's net assets (40.84 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its 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 cannot be used to liquidate these liabilities.

## CITY OF ALPHARETTA'S Net Assets

	Governmental activities		Business-type activities		Total	
	2003	2002	2003	2002	2003	2002
Current and other assets	\$ 36,865,353	\$ 39,849,020	\$ 2,984,186	\$ 3,174,715	\$ 39,849,539	\$ 43,023,735
Capital assets	56,193,808	51,136,845	4,422,943	4,605,206	60,616,751	55,742,051
Total assests	93,059,161	90,985,865	7,407,129	7,779,921	100,466,290	98,765,786
Current liabilities	3,397,427	5,533,977	928,431	991,654	4,325,858	6,525,631
Non-Current liabilities outstanding	51,829,011	54,528,897	320,419	2,075,231	52,149,430	56,604,128
Total liabilities	55,226,438	60,062,874	1,248,850	3,066,885	56,475,288	63,129,759
Net assets:						
Invested in capital assets, net of related debt	15,452,957	9,846,049	2,597,943	2,610,206	18,050,900	12,456,255
Restricted	16,990,626	7,287,896	1,645,519	1,529,769	18,636,145	8,817,665
Unrestricted	5,389,140	13,789,046	269,297	573,061	5,658,437	14,362,107
Total net assets	\$ 37,832,723	\$ 30,922,991	\$ 4,512,759	\$ 4,713,036	\$ 42,345,482	\$ 35,636,027

The remaining balance of *unrestricted net assets* (\$5,389,140) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the government is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was a decrease of \$200,277 in net assets reported in connection with the City's business-type activities. All of this decrease is attributable to the net operating loss in the enterprise funds, which occurred during the year as a result of income (charges for service) being less than the expense to provide the service.

The government's net assets increased by \$6,909,732 during the current fiscal year. Nearly all of the increase is attributable to capital assets. During the year, strides were made to begin booking infrastructure and an inventory of existing capital assets was completed. Further, a reduction in total liabilities of \$4.8 million, which is largely attributable to debt principal repayment, and a \$1.6 million surplus of ongoing revenues vs. ongoing expenses aided in the net asset increase. The remainder of this growth largely reflects rate increases, increases in operation grants, and investment earnings.

**Governmental activities.** Governmental activities increased the City of Alpharetta's net assets by \$6,909,732, thereby accounting for all of the total growth in the net assets of the City (business-type activities had a reduction in net assets of \$200,276). Key elements of this increase are as follows:

- Total taxes increased by \$4,507,107 (14.8 percent) during the year. Most of this increase is the product of the renegotiation of LOST.
- Charges for services increased \$1,447,175 during the year; attributable to the increase in fine and forfeiture revenue from the improved community policing effort.

The City's general fund balance increased by \$1,812,919 during the current fiscal year, marking the fifth consecutive year where revenues, expenditures, and other financing sources (uses) provided for improved financial stability. Key factors in this growth are as follows:

- An increase in the local option sales tax as a result of the new distribution agreement yielded the City an increase in tax revenues of \$2.3 million over fiscal year 2002; of which only \$1.5 million was appropriated for non-recurring expenditures.
- Fine/Forfeiture income from the Municipal Court increased \$1.2 million from the prior year as a result of a new community policing effort.

### ***Debt Service Fund***

Used to accumulate resources for the repayment of debt (general obligation bonds), the debt service fund closed the fiscal year with a total fund balance of \$2,697,722, all of which is reserved for the payment of debt service. The net increase in fund balance during the current year of \$436,776 is attributable to the current year collection of property tax revenue surpassing the anticipated amount by \$235,272, and the collection of \$100,212 in delinquent tax accounts.

The City retired all capital lease obligations during the fiscal year, including notes initiated in years 1997 through 2002 for facilities and equipment. Thus, a significant reduction in both short and long-term liabilities occurred.

The statistical section includes analysis on the City's current obligations for long-term debt. Included within this section is the computation of the City's legal debt margin, the ratio of net general obligation bonded debt to assessed value, net general obligation bond debt per capita, and the ratio of annual debt service expenditures to total general governmental expenditures.

***Proprietary funds.*** The City of Alpharetta's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the proprietary funds at the end of the year amounted to \$269,297, \$453,317 in the solid waste fund, and a negative \$184,020 in the water fund. The total decrease in net assets for the water and solid waste funds was \$155,282 and \$44,995, respectively. Cash and cash equivalents as a percentage of current liabilities were 28 percent (water) and 8.7 percent (solid waste). Both measurements indicate a substantially higher amount of current liabilities than cash to cover. Further, the measure of current liabilities to total revenues (operating and non-operating), resulted in water and solid waste operations utilizing 26 and 16 percent, respectively, of future year cash derived from revenue to meet current liabilities.

Other factors concerning the finances of these two funds have already been addressed in the discussion of the City of Alpharetta's business-type activities.

### **General Fund Budgetary Highlights**

The City employs an annual mid-year budget process in order to re-align appropriations made during the budget process with significant unexpected trends. This ensures adjustments facilitating appropriations to be in-alignment with expected resources. Differences between the original budget and final amended budget are summarized as follows:

**City of Alpharetta**  
**Statement of Activities**  
**For the Year Ended June 30, 2003**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units	
	Expenses	Charges for Services	Operating		Governmental Activities	Business-type Activities	Total	Development Authority	
			Grants and Contributions	Capital Grants and Contributions					
Primary government activities:									
General government	\$ 7,089,104	\$ 465,150	\$ -	\$ -	\$ (6,623,954)	\$ -	\$ (6,623,954)	\$ -	
Public safety	14,149,504	4,084,155	-	27,944	(10,037,405)	-	(10,037,405)	-	
Public works	1,676,631	5,808	48,318	49,650	(1,572,855)	-	(1,572,855)	-	
Community development	4,064,468	1,646,156	-	-	(2,418,312)	-	(2,418,312)	-	
Culture and recreation	7,164,113	1,699,412	17,500	-	(5,447,201)	-	(5,447,201)	-	
Interest on long-term debt	2,944,647	-	-	-	(2,944,647)	-	(2,944,647)	-	
Total governmental activities:	37,088,467	7,900,681	65,818	77,594	(29,044,374)	-	(29,044,374)	-	
Business-type activities:									
Water	3,713,758	3,543,892	-	-	-	(169,866)	(169,866)	-	
Solid Waste	1,742,504	1,621,302	-	-	-	(121,202)	(121,202)	-	
Total business-type activities:	5,456,262	5,165,194	-	-	-	(291,068)	(291,068)	-	
Total primary government	\$ 42,544,729	\$ 13,065,875	\$ 65,818	\$ 77,594	(29,044,374)	(291,068)	(29,335,442)	-	
Component units:									
Development Authority	428,806	-	-	-	-	-	-	428,806	
Total component units	\$ 428,806	\$ -	\$ -	\$ -	-	-	-	428,806	
General revenues:									
Property taxes					17,441,980	-	17,441,980	-	
Local option sales tax					5,638,618	-	5,638,618	-	
Other taxes					11,359,475	-	11,359,475	-	
Unrestricted investment earnings					660,410	26,211	686,621	428,806	
Gain on sale of capital assets					35,303	-	35,303	-	
Miscellaneous revenue					878,320	4,581	882,901	-	
Transfers					(60,000)	60,000	-	-	
Total general revenues and transfers					35,954,106	90,792	36,044,898	428,806	
Change in net assets					6,909,732	(200,276)	6,709,456	-	
Net assets-beginning					30,922,991	4,713,035	35,636,026	-	
Net assets-ending					\$ 37,832,723	\$ 4,512,759	\$ 42,345,482	\$ -	

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

**City of Alpharetta**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2003**

	General	Debt Service	Capital Project	Bond III	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes:						
Property Tax	\$ 11,924,892	\$ 5,669,632	\$ -	\$ -	\$ -	\$ 17,594,524
Local Option Sales Tax	5,638,618	-	-	-	-	5,638,618
Other Taxes	9,057,086	-	-	-	2,302,389	11,359,475
Licenses and permits	1,096,780	-	-	-	-	1,096,780
Intergovernmental	421,048	-	49,650	-	-	470,698
Charges for services	2,228,039	-	-	-	1,064,788	3,292,827
Impact Fees	-	-	-	-	760,135	760,135
Fines/Forfeitures	2,059,053	-	-	-	25,214	2,084,267
Investment earnings	378,709	72,202	159,454	-	50,045	660,410
Other	790,857	-	77,923	13	-	868,793
Total revenues	<u>33,595,082</u>	<u>5,741,834</u>	<u>287,027</u>	<u>13</u>	<u>4,202,571</u>	<u>43,826,527</u>
<b>EXPENDITURES</b>						
Current:						
General government	7,443,380	2,379	-	-	22,804	7,468,563
Public safety	11,256,585	-	-	-	1,118,464	12,375,049
Public works	3,150,609	-	-	-	-	3,150,609
Economic and community development	1,504,797	-	-	-	2,302,389	3,807,186
Culture and recreation	4,797,095	-	-	-	179,419	4,976,514
Debt service:						
Principal	-	3,840,106	-	-	-	3,840,106
Interest	-	2,529,581	-	-	-	2,529,581
Bond issuance costs	-	32,992	-	-	-	32,992
Capital outlay	-	-	3,492,440	512,481	-	4,004,921
Total expenditures	<u>28,152,466</u>	<u>6,405,058</u>	<u>3,492,440</u>	<u>512,481</u>	<u>3,623,076</u>	<u>42,185,521</u>
Excess (deficiency) of revenues over (under) expenditures	5,442,616	(663,224)	(3,205,413)	(512,468)	579,495	1,641,006
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	1,100,000	3,605,000	-	-	4,705,000
Transfers out	(3,665,000)	-	-	-	(1,100,000)	(4,765,000)
Sale of capital assets	35,303	-	-	-	-	35,303
Total other financing sources and (uses)	<u>(3,629,697)</u>	<u>1,100,000</u>	<u>3,605,000</u>	<u>-</u>	<u>(1,100,000)</u>	<u>(24,697)</u>
Net change in fund balances	<u>1,812,919</u>	<u>436,776</u>	<u>399,587</u>	<u>(512,468)</u>	<u>(520,505)</u>	<u>1,616,309</u>
Fund balances - beginning	<u>12,115,713</u>	<u>2,260,946</u>	<u>4,662,777</u>	<u>8,876,221</u>	<u>2,274,931</u>	<u>30,190,588</u>
Fund balances - ending	<u>\$ 13,928,632</u>	<u>\$ 2,697,722</u>	<u>\$ 5,062,364</u>	<u>\$ 8,363,753</u>	<u>\$ 1,754,426</u>	<u>\$ 31,806,897</u>

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

**City of Alpharetta**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**Year ended June 30, 2003**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances-total governmental funds	1,616,309
--	-----------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	5,622,908
---	-----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	196,369
--	---------

The issuance of long-term (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	32,994
--	--------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(558,848)
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Change in net assets of governmental activities	\$ 6,909,732
---	--------------

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

**CITY OF ALPHARETTA**  
Notes to the Financial Statements  
June 30, 2003

**I. Summary of significant accounting policies**

**A. Reporting entity**

The City of Alpharetta (government), which was founded in 1858, operates under a charter adopted July 1, 1981, as a municipal corporation governed by an elected mayor and seven-member council. The City provides such services as police protection, fire and rescue services, parks and recreation amenities, water and sewer services, and public works. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statement (see note below for description) to emphasize that it is legally separate from the government.

**Discretely presented component units.** The Development Authority of Alpharetta is included in the City's reporting entity because of the significance of its financial relationship with the City. The authority promotes the industrial and economic development of the City of Alpharetta. The Authority is legally separate from the City; however, the City appoints all of the Authority's Board members and has a financial obligation to the Authority. The City does not control the operations of the Authority. Separate financial statements for the Authority are not prepared.

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, 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 certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are 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 good, 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 properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental 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 government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. 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 considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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.

Property taxes, local option sales tax, franchise taxes, and other various taxes coupled with licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The general fund is the government'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 debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The capital project fund accounts for the acquisition of capital expenditures greater than \$25,000 funded by sources other than General Obligation Bond proceeds from governmental funds.

The bond III fund is used to account for capital projects funded from the proceeds of the 1998 General Obligation Bond.

The government reports the following major proprietary funds:

The water fund accounts for the activities associated with the operation and distribution of the system, a self-supporting activity which renders services on a user charge basis to many residents and businesses located in Alpharetta.

The solid waste fund accounts for the activities associated with the collection of residential garbage, including recyclables, non-recyclables, and yard waste. Activity is rendered on a user charge basis.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to



Capital outlay	\$ 7,885,670
Depreciation expense	<u>(2,262,762)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 5,622,908</u>

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$32,992 difference are as follows:

Debt issued or incurred:	
Issuance of general obligation refunding bonds	\$ 13,000,000
Plus premiums	178,479
Principal repayments:	
Payment to escrow agent for refunding	<u>(13,145,487)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in new assets of governmental activities</i>	<u>\$ 32,992</u>

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$558,848 difference are as follows:

Compensated absences	\$ (143,782)
Accrued interest	(398,069)
Amortization of deferred charge on refunding	<u>(16,997)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (558,848)</u>

### III. Stewardship, compliance, and accountability

#### A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the Capital Project and Bond III funds, which adopt project-length budgets. All annual appropriations lapse at fiscal year end.

Beginning in January of each year, departments begin the budget process by updating functional statements of purpose and service indicators/performance outcomes. In early March, all departments of the government submit requests for appropriations to the government's Department of Finance so that a budget may be prepared. During May the proposed budget is presented to the government's council for review. The council holds public hearings and a final budget must be prepared and adopted no later than June 30.

City of Alpharetta  
Capital Project Fund  
Statement of Revenues, Ependitures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 49,650	\$ 49,650
Investment earnings	199,875	199,875	154,758	(45,117)
Other	-	-	82,619	82,619
Total revenues	<u>199,875</u>	<u>199,875</u>	<u>287,027</u>	<u>87,152</u>
<b>EXPENDITURES</b>				
Capital Outlay				
General Government:				
City Administrator	2,706,586	1,873,408	83,678	1,789,730
Finance	30,000	200,000	167,367	32,633
Technology Services	40,000	106,514	106,507	7
Human Resources	-	5,000	5,000	-
Public Information	-	51,600	-	51,600
Municipal Court	46,000	46,000	30,100	15,900
Non-Departmental	286,339	286,339	-	286,339
Total general government	<u>3,108,925</u>	<u>2,568,861</u>	<u>392,652</u>	<u>2,176,209</u>
Public Safety:				
Police	-	501,066	470,704	30,362
Fire	210,000	509,553	474,799	34,754
Total public safety	<u>210,000</u>	<u>1,010,619</u>	<u>945,503</u>	<u>65,116</u>
Engineering & Public Works	-	4,641,023	1,763,270	2,877,753
Economic and community development	42,000	715,500	222,801	492,699
Culture and recreation	57,000	240,702	168,214	72,488
Total Capital Outlay	<u>3,417,925</u>	<u>9,176,705</u>	<u>3,492,440</u>	<u>5,684,265</u>
Excess of revenues over expenditures	<u>(3,218,050)</u>	<u>(8,976,830)</u>	<u>(3,205,413)</u>	<u>5,771,417</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,605,000	3,605,000	3,605,000	-
Capital Lease Proceeds	734,500	734,500	-	(734,500)
Total other financing sources and uses	<u>4,339,500</u>	<u>4,339,500</u>	<u>3,605,000</u>	<u>(734,500)</u>
Net change in fund balances	<u>1,121,450</u>	<u>(4,637,330)</u>	<u>399,587</u>	<u>5,036,917</u>
Fund balances - beginning	4,662,777	4,662,777	4,662,777	-
Fund balances - ending	<u>\$ 5,784,227</u>	<u>\$ 25,447</u>	<u>\$ 5,062,364</u>	<u>\$ 5,036,917</u>

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

**City of Alpharetta**  
**Bond III Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2003**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
<b>REVENUES</b>				
Investment Earnings	\$ 3,754,612	-	\$ 3,754,612	\$ 1,245,000
Discounts	-	13	13	-
Total revenues	<u>3,754,612</u>	<u>13</u>	<u>3,754,625</u>	<u>1,245,000</u>
<b>EXPENDITURES</b>				
General Government:				
Cost of Bond Issuance	330,369	-	330,369	498,000
Non-Departmental	-	509	509	-
Total general government	<u>330,369</u>	<u>509</u>	<u>330,878</u>	<u>498,000</u>
Capital Outlay	<u>19,607,030</u>	<u>511,972</u>	<u>20,119,002</u>	<u>25,647,000</u>
Total expenditures	<u>19,937,399</u>	<u>512,481</u>	<u>20,449,880</u>	<u>26,145,000</u>
Excess (Deficiency) of Revenues Over (under) expenditures	(16,182,787)	(512,468)	(16,695,255)	(24,900,000)
<b>OTHER FINANCING SOURCES</b>				
General Obligation Bond Proceeds	25,449,972	-	25,449,972	24,900,000
Operating Transfers Out	(95,936)	-	(95,936)	-
Total other financing sources (uses)	<u>25,354,036</u>	<u>-</u>	<u>25,354,036</u>	<u>24,900,000</u>
Net change in fund balances	<u>\$ 9,171,249</u>	<u>\$ (512,468)</u>	<u>\$ 8,658,781</u>	<u>\$ -</u>
Fund balances - beginning		8,876,221		
Fund balances - ending		<u>\$ 8,363,753</u>		

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

City of Alpharetta  
Drug Enforcement Agency Special Revenue Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2003

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
<b>REVENUES:</b>			
Forfeiture Income	\$ 5,000	\$ 25,214	\$ 20,214
Investment Earnings	1,560	613	(947)
Total Revenues	<u>6,560</u>	<u>25,827</u>	<u>19,267</u>
<b>EXPENDITURES:</b>			
Public Safety	96,560	73,474	23,086
Total expenditures	<u>96,560</u>	<u>73,474</u>	<u>23,086</u>
Deficiency of revenues under expenditures	(90,000)	(47,647)	(42,353)
Fund balances - beginning	<u>99,155</u>	<u>99,155</u>	<u>-</u>
Fund balances - ending	<u>\$ 9,155</u>	<u>\$ 51,508</u>	<u>\$ (42,353)</u>

**CAPITAL ASSETS  
USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS**

# Alpharetta

GEORGIA USA

STATISTICAL SECTION



**City of Alpharetta  
Property Tax Levies and Collections**

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collection</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
1994	\$ 5,770,465	\$ 5,558,418	96.33	\$ (19,867)	\$ 5,538,551	95.98	\$ 464,755	8.05
1995	5,873,310	5,887,314	100.24	(14,370)	5,872,944	99.99	315,740	5.38
1996	7,406,512	6,602,693	89.15	165,344	6,768,037	91.38	270,078	3.65
1997	8,328,413	7,651,942	91.88	304,599	7,956,541	95.53	231,402	2.78
1998	10,006,902	8,852,299	88.46	231,402	9,083,701	90.77	-	0.00
1999	13,340,657	10,623,686	79.63	(25,423)	10,598,263	79.44	470,810	3.53
2000	15,331,556	16,238,289	105.91	30,006	16,538,295	107.87	1,380,459	9.00
2001	16,352,307	15,317,961	93.67	1,339,953	16,657,914	101.87	980,964	6.00
2002	16,543,479	15,834,548	95.71	265,891	16,100,439	97.32	386,284	2.33
2003	17,650,605	17,276,259	97.88	318,265	17,594,524	99.68	442,365	2.51



**City of Alpharetta**  
**Property Tax Rates**  
**Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

Fiscal Year	Operating Millage	Debt Service Millage	Total City Millage	County		Special Service District	Schools Operating and Debt	State		Total
				Operating and	Debt			Operating and	Debt	
1994	10.56	-	10.56	14.01	14.01	4.76	21.26	0.25	0.25	50.84
1995	7.88	-	7.88	14.01	14.01	4.76	21.26	0.25	0.25	48.16
1996	4.24	3.64	7.88	14.01	14.01	4.76	21.26	0.25	0.25	48.16
1997	3.83	4.05	7.88	14.01	14.01	4.76	21.26	0.25	0.25	48.16
1998	4.51	3.37	7.88	14.01	14.01	4.76	21.26	0.25	0.25	48.16
1999	5.56	2.32	7.88	14.01	14.01	4.76	21.26	0.25	0.25	48.16
2000	5.17	2.71	7.88	13.69	13.69	4.76	15.76	0.25	0.25	42.34
2001	4.93	2.95	7.88	14.00	14.00	4.76	20.15	0.25	0.25	47.04
2002	5.068	2.41	7.48	13.34	13.34	4.70	19.02	0.25	0.25	44.79
2003	4.90	2.33	7.23	12.81	12.81	4.47	18.77	0.25	0.25	43.53

**City of Alpharetta  
Principal Taxpayers  
June 30, 2003**

<b>Taxpayer</b>	<b>Type of Business</b>	<b>Assessed Valuation</b>	<b>Percentage of Total Assessed Valuation</b>
GGP North Point Inc	Real Estate Investment Trust	\$ 30,456,480	1.07%
HBO & Company of Georgia	Cable	18,137,590	0.64%
Gardner Drive LLC	Developer	16,101,990	0.56%
AT & T	Communications	14,606,710	0.51%
Allianz Life Ins. Co. of N. America	Insurance	14,265,680	0.50%
Digital Equipment Corp	Manufacturer	11,310,720	0.40%
State Farm Mutual Auto Inc.	Insurance	10,013,800	0.35%
C P Venture Two, LLC	Developer	9,491,610	0.33%
Imperatum Georgia LLC	Developer	9,318,080	0.33%
Highwoods Forsyth LTD Partnership	Developer	9,169,840	0.32%
Totals		<u>\$ 142,872,500</u>	<u>5.01%</u>
Total Assessed Value for All Taxpayers		<u>\$ 2,853,079,015</u>	

City of Alpharetta  
Revenue Bond Coverage  
Water Revenue Bonds  
Last Ten Years

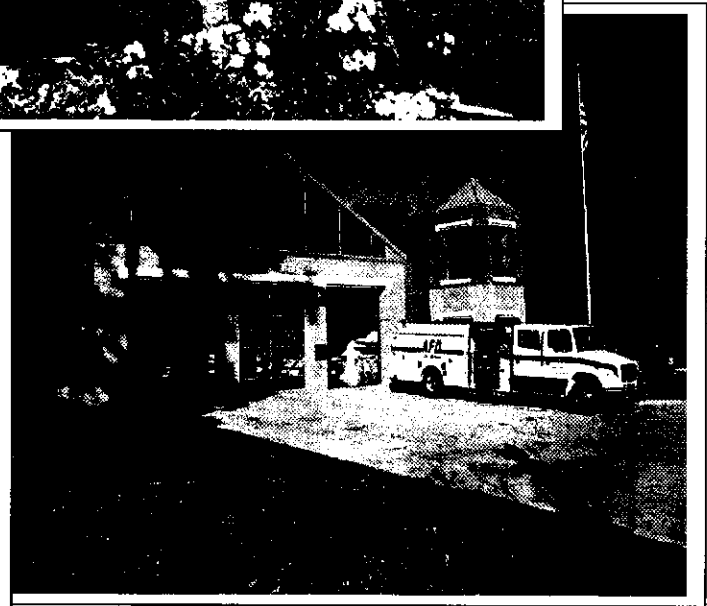
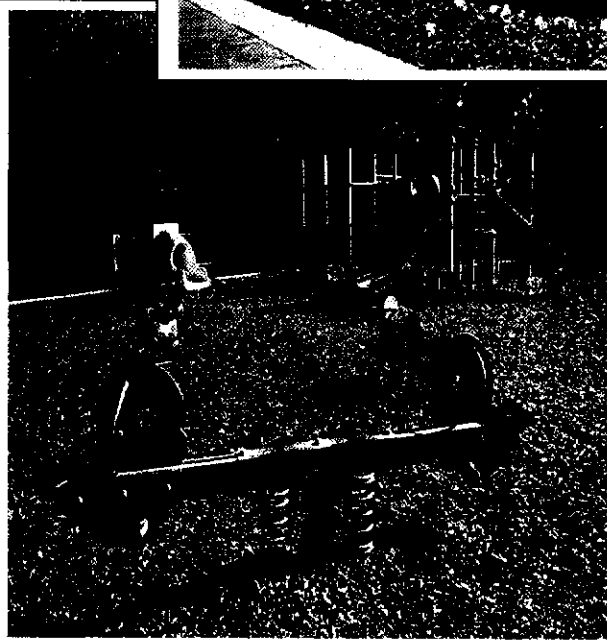
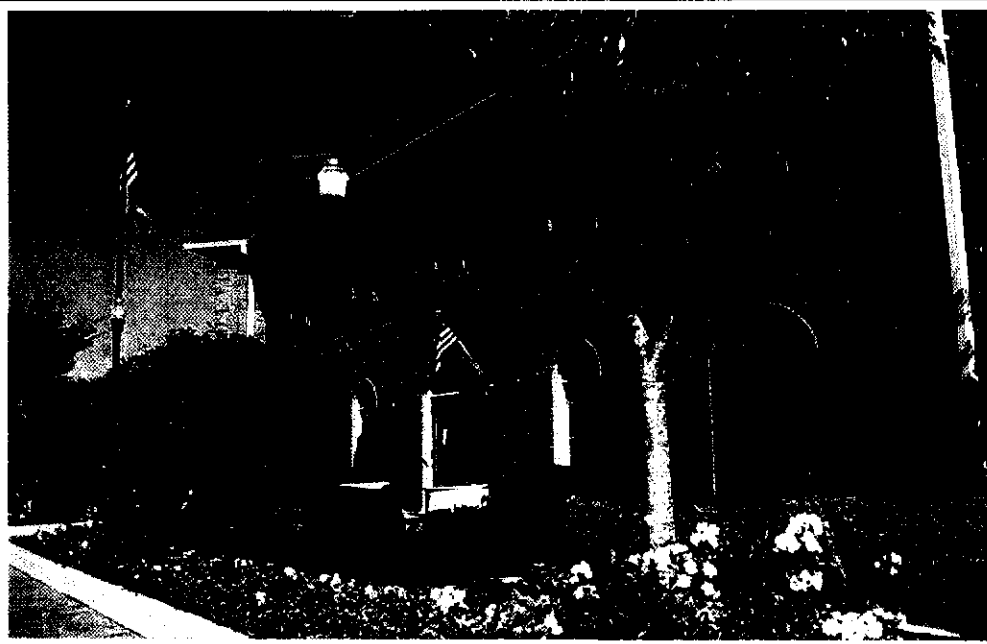
Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements		
				Principal	Interest	Total Coverage
1994	\$ 1,566,756	\$ 1,330,874	\$ 235,882	\$ 24,000	\$ 35,000	\$ 59,000 25%
1995	1,664,562	1,475,499	189,063	96,692	171,265	267,957 142%
1996	2,046,246	1,757,726	288,520	102,945	165,012	267,957 93%
1997	2,634,740	2,350,778	283,962	109,603	158,354	267,957 94%
1998	3,450,155	2,795,106	655,049	664,023	675,764	1,339,787 205%
1999	3,696,048	3,333,247	362,801	664,023	675,764	1,339,787 369%
2000	3,739,984	3,383,579	356,405	150,000	107,881	257,881 72%
2001	4,184,851	4,084,888	99,963	160,000	101,118	261,118 261%
2002	3,961,816	4,044,046	(82,230)	165,000	94,022	259,022 -315%
2003	3,548,462	3,628,421	(79,959)	170,000	85,337	255,337 -319%

**City of Alpharetta  
Demographic Statistics  
Last Ten Years**

<u>Fiscal Year</u>	<u>Population</u>	<u>Per Capita Income</u>	<u>Median Age</u>	<u>Education Level in Years of Formal Schooling</u>	<u>School Enrollment (1)</u>	<u>Unemployment Rate</u>
1994	17,000	\$ 25,922	32.5	16	8,199	4.0%
1995	20,915	27,482	32	16	9,245	3.7%
1996	20,915	29,136	32	16	10,405	3.4%
1997	23,246	30,889	33	16	13,427	3.1%
1998	24,536	32,748	33	16	15,043	2.8%
1999	30,000	34,719	34.5	16	16,796	2.6%
2000	30,000	39,432	34	16	17,067	2.5%
2001	35,406	40,543	33.3	16	18,723	2.9%
2002	36,079	40,069	35	16	19,592	4.4%
2003	37,090	39,432	33	16	19,154	2.4%

# Alpharetta

GEORGIA USA



COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For year ended June 30, 2003



## CITY OF ALPHARETTA

### COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended

June 30, 2003

Prepared by:  
Department of Finance  
Aaron J. Bovos, CGFM, Director



## Management's Discussion and Analysis

As management of the City of Alpharetta (City), we offer readers of the City's financial statements this narrative, overview, and analysis of the financial activities of the City for the fiscal year ended June 30, 2003. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 5-10 of this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

### Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$37,832,723 (*net assets*).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$31,806,897, an increase of \$1,616,309 from the prior year.
- At the end of the current fiscal year, the unreserved fund balance designated for reserve in the general fund was \$7,038,117, or 25 percent of total general fund expenditures.
- The City's total bond debt decreased by \$3,628,190 during the current fiscal year. The two key factors in this decrease were the refunding of the 1995A General Obligation Bond Issue combined with scheduled principal payments.
- The City retired all remaining Capital Leases and Certificates of Participation during the fiscal year, canceling any future year liabilities for principal or interest from those financing instruments.
- A one-time \$1.5 million non-scheduled contribution to the City's defined benefit pension was made to increase the current 68.7% funding (current value of projected benefits).
- A successful re-negotiation of the distribution of sales tax for the City occurred during the fiscal year. This revenue source, Local Option Sales Tax (LOST), is collected by the state and distributed to the County and associated municipalities based upon ten year agreements.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

- A variety of public work projects, including street construction projects, intersection improvements, drainage systems, and sidewalks began; construction in progress as of the end of the current fiscal year had reached \$3,970,436.
- \$7.8 million in acquisitions throughout the government occurred. Of this amount, 64 percent was in the area of public works projects which were completed and capitalized during the year.
- Various other recreation building and land improvements were completed.

### CITY OF ALPHARETTA'S Capital Assets (net of depreciation)

	Governmental activities		Business-type activities		Total	
	2003	2002	2003	2002	2003	2002
Land	\$ 20,356,799	\$ 20,012,738	\$ -	\$ -	\$ 20,356,799	\$ 20,012,738
Buildings and system	22,563,101	23,088,400	4,238,459	4,378,703	26,801,560	27,467,103
Improvements other than buildings	3,682,450	4,006,977	-	-	3,682,450	4,006,977
Machinery and equipment	4,909,151	4,055,825	184,484	226,501	5,093,635	4,282,326
Infrastructure	407,311	(27,095)	-	-	407,311	(27,095)
Construction in progress	4,274,996	-	-	-	4,274,996	-
Total	\$ 56,193,808	\$ 51,136,845	\$ 4,422,943	\$ 4,605,204	\$ 60,616,751	\$ 55,742,049

Additional information on the City of Alpharetta's capital assets can be found in note IV.C on pages 46-48 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Alpharetta had total bonded debt outstanding of \$48,865,000. This entire amount comprises debt backed by the full faith and credit of the government.

### CITY OF ALPHARETTA'S Outstanding Debt General Obligation and Revenue Bonds

	Governmental activities		Business-type activities		Total	
	2003	2002	2003	2002	2003	2002
General obligation bonds	\$ 48,865,000	\$ 51,185,000	\$ -	\$ -	\$ 48,865,000	\$ 51,185,000
Revenue bonds	-	-	1,825,000	1,995,000	1,825,000	1,995,000
Total	\$ 48,865,000	\$ 51,185,000	\$ 1,825,000	\$ 1,995,000	\$ 50,690,000	\$ 53,180,000

The City's total debt decreased by \$3,798,190 (6.7 percent) during the fiscal year (includes bond debt and notes). A key factor to this decrease was the repayment of principal totaling \$3,563,475. The government also took advantage of the current financial markets and issued \$13,000,000 in refunding bonds in order to decrease funds necessary in the current and future years to retire debt. This advance refunding is expected to decrease future debt service payments by \$615,644.

The City of Alpharetta maintains a "AA+" rating from Standard & Poor's and "Aa1" rating from Moody's for general obligation debt. The revenue bonds of the Water distribution system were private placed bonds.



**City of Alpharetta**  
**Statement of Net Assets**  
**June 30, 2003**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Development Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,031,915	\$ 283,704	\$ 2,315,619	\$ -
Investments	22,385,428	456,958	22,842,386	-
Receivables (net of allowance for uncollectibles):	2,766,057	798,427	3,564,484	-
Internal balances	259,000	(259,000)	-	-
Direct financing lease receivable	-	-	-	7,961,725
Inventories	180,501	58,578	239,079	-
Prepays	199,309	-	199,309	-
Restricted assets:				
Cash and cash equivalents	8,686,689	1,645,519	10,332,208	-
Receivables	356,454	-	356,454	-
Capital assets (net of accumulated depreciation):				
Land	20,356,799	-	20,356,799	-
Buildings and system	22,563,101	4,382,333	26,945,434	-
Improvements other than buildings	3,682,450	-	3,682,450	-
Machinery and equipment	4,909,151	40,610	4,949,761	-
Infrastructure	407,311	-	407,311	-
Construction in progress	4,274,996	-	4,274,996	-
Total assets	<u>93,059,161</u>	<u>7,407,129</u>	<u>100,466,290</u>	<u>7,961,725</u>
<b>LIABILITIES</b>				
Accounts payable and other				
current liabilities	2,730,194	711,310	3,441,504	-
Matured bonds and interest payable	398,069	13,594	411,663	-
Unearned revenue	269,164	-	269,164	-
Noncurrent liabilities:				
Due within one year	4,915,684	204,047	5,119,731	359,050
Due in more than one year	46,913,327	1,965,419	48,878,746	7,602,675
Total liabilities	<u>55,226,438</u>	<u>2,894,370</u>	<u>58,120,808</u>	<u>7,961,725</u>
<b>NET ASSETS</b>				
Invested in capital assets				
net of related debt	15,452,957	2,597,943	18,050,900	-
Restricted for:				
Capital Projects	14,292,904	-	14,292,904	-
Debt service	2,697,722	1,645,519	4,343,241	-
Unrestricted	5,389,140	269,297	5,658,437	-
Total net assets	<u>\$ 37,832,723</u>	<u>\$ 4,512,759</u>	<u>\$ 42,345,482</u>	<u>\$ -</u>

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

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**City of Alpharetta**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2003**

	<u>Water</u>	<u>Solid Waste</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers and Users	\$ 3,765,541	\$ 1,589,706	\$ 5,355,247
Payments to Vendors and Employees	(3,568,299)	(1,517,125)	(5,085,424)
Net cash provided by operating activities	<u>\$ 197,242</u>	<u>\$ (72,581)</u>	<u>\$ 124,661</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	-	60,000	60,000
Net cash provided by capital and related financing activities	<u>-</u>	<u>60,000</u>	<u>60,000</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(29,245)	-	(29,245)
Principal paid on capital debt	(170,000)	-	(170,000)
Interest paid on capital debt	(85,337)	-	(85,337)
Net cash used by capital and related financing activities	<u>(284,582)</u>	<u>-</u>	<u>(284,582)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sales and maturities of investments	291,255	90,607	381,862
Purchase of investments	(545)	(131,162)	(131,707)
Interest and dividends received	9,915	810	10,725
Net cash provided (used) by investing activities	<u>300,625</u>	<u>(39,745)</u>	<u>260,880</u>
Net increase (decrease) in cash and cash equivalents	<u>213,285</u>	<u>(52,326)</u>	<u>160,959</u>
Cash and cash equivalents, July 1	1,692,894	75,370	1,768,264
Cash and cash equivalents, June 30	<u>\$ 1,906,179</u>	<u>\$ 23,044</u>	<u>\$ 1,929,223</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>			
Operating loss	<u>\$ (79,959)</u>	<u>\$ (121,191)</u>	<u>(201,150)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	211,508	-	211,508
Decrease in accounts receivable	(71,447)	(37,610)	(109,057)
Decrease in inventories	(36,997)	-	(36,997)
Increase in customer deposits	72,909	-	72,909
Increase (decrease) in accounts payable	(161,539)	86,220	(75,319)
Increase in compensated absences payable	1,111	-	1,111
Increase in other accrued liabilities	2,656	-	2,656
Increase in due to other funds	259,000	-	259,000
Total adjustments	<u>277,201</u>	<u>48,610</u>	<u>325,811</u>
Net cash provided by operating activities	<u>\$ 197,242</u>	<u>\$ (72,581)</u>	<u>\$ 124,661</u>

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

the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are assets transferred between the governmental and proprietary funds to assist in the operations of each fund. Elimination of these transfers would distort the assets and liabilities of the government.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

## **D. Assets, liabilities, and net assets or equity**

### ***1. Deposits and investments***

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term highly-liquid investments that are both readily convertible to known amounts of cash and so near maturity that they present insignificant risk of changes in value because of changes in interest rates.

The City invests idle cash from operating accounts for the purpose of increasing income through investment activities. State statutes authorize the government to invest in obligations of the U.S. Treasury, repurchase agreements, and commercial paper.

Investments for the government, as well as for its component units, are reported at fair value.

### ***2. Receivables and payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other

City of Alpharetta  
Hotel Motel Special Revenue Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2003

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>			
Hotel Motel Tax	\$ 2,103,000	\$ 2,302,389	\$ 199,389
Total revenues	<u>2,103,000</u>	<u>2,302,389</u>	<u>199,389</u>
<b>EXPENDITURES</b>			
Tourism	<u>2,103,000</u>	<u>2,302,389</u>	<u>(199,389)</u>
Total Expenditures	<u>2,103,000</u>	<u>2,302,389</u>	<u>(199,389)</u>
Excess of revenues over expenditures	-	-	-
Fund balances - beginning	<u>10,722</u>	<u>10,722</u>	<u>-</u>
Fund balances - ending	<u>\$ 10,722</u>	<u>\$ 10,722</u>	<u>\$ -</u>

City of Alpharetta  
Emergency 911 Special Revenue Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2003

	Budget Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
<b>REVENUES:</b>				
Charges for Service	\$ 1,059,764	\$ 1,059,764	\$ 1,064,788	\$ 5,024
Investment Earnings	27,600	27,600	16,895	(10,705)
Total Revenues	<u>\$ 1,087,364</u>	<u>\$ 1,087,364</u>	<u>\$ 1,081,683</u>	<u>\$ (5,681)</u>
<b>EXPENDITURES:</b>				
Public Safety	1,087,364	1,130,046	1,044,990	85,056
Total expenditures	<u>1,087,364</u>	<u>1,130,046</u>	<u>1,044,990</u>	<u>85,056</u>
Excess (deficiency) of revenues over (under) expenditures		(42,682)	36,693	79,375
Fund balances - beginning	<u>766,338</u>	<u>766,338</u>	<u>766,338</u>	-
Fund balances - ending	<u>\$ 766,338</u>	<u>\$ 723,656</u>	<u>\$ 803,031</u>	<u>\$ 79,375</u>

**City of Alpharetta**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes By Function and Activity**  
**For the fiscal year ended June 30, 2003**

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets July 1, 2002</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets June 30, 2003</u>
General government:	\$ 8,009,407	\$ 1,142,014	\$ (95,906)	\$ 9,055,515
Public safety:				
Police	9,897,917	660,684	(361,676)	
Fire	9,645,490	336,707	(49,043)	
Total public safety	<u>19,543,407</u>	<u>997,391</u>	<u>(410,719)</u>	<u>20,130,079</u>
Public Works	<u>5,380,390</u>	<u>5,118,401</u>	<u>(35,223)</u>	\$ 10,463,568
Culture and recreation	<u>29,866,536</u>	<u>627,864</u>	<u>(99,134)</u>	\$ 30,395,266
Total governmental funds Capital Assets	<u>\$ 62,799,740</u>	<u>\$ 7,885,670</u>	<u>\$ (640,982)</u>	<u>\$ 70,044,428</u>

This schedule presents only the capital asset balances related to governmental funds.

City of Alpharetta  
Government-wide Revenues  
Current Fiscal Year

PROGRAM REVENUES				GENERAL REVENUES			
Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Unrestricted Investment Earnings	Gain on Sale of Capital Assets	Miscellaneous Total
2003	\$ 7,900,681	\$ 65,818	\$ 77,594	\$ 34,440,073	\$ 686,621	\$ 35,303	\$ 882,901 \$ 44,088,991



**City of Alpharetta**  
**General Governmental Revenues by Source**  
**Last Ten Fiscal Years**

Fiscal Year	Taxes	License & Permits	Inter-Governmental Revenues	Charges for Services	Fines & Forfeitures	Other Revenues	
							Total
1994	\$ 9,644,563	\$ 1,265,813	\$ 5,228,567	\$ 2,307,673	\$ 345,421	\$ 1,175,086	\$ 19,967,123
1995	10,496,376	1,784,086	3,479,200	2,739,723	276,492	1,110,036	19,885,913
1996	12,186,001	2,863,751	1,625,981	2,978,090	386,395	2,281,067	22,321,285
1997	14,096,743	3,517,099	1,536,074	4,259,704	549,031	3,728,079	27,686,730
1998	16,291,593	3,754,742	2,785,768	2,790,772	453,961	7,487,053	33,563,889
1999	19,658,847	2,647,561	3,270,186	3,460,718	522,299	5,005,259	34,564,870
2000	26,714,654	2,587,950	418,308	4,078,572	462,580	5,611,336	39,873,400
2001	29,887,874	2,198,676	958,311	3,422,067	468,886	4,253,193	41,189,007
2002	30,319,250	1,433,757	1,177,823	3,362,948	936,527	1,792,369	39,022,674
2003	34,592,617	1,096,780	470,698	3,292,827	2,084,267	2,289,338	43,826,527

**City of Alpharetta**  
**General Governmental Tax Revenues By Source**  
**Current Fiscal Year**

Fiscal Year	Property Tax	Local Option Sales Tax	Franchise Tax	Motor Vehicle Tax	Alcoholic Beverage Tax	
						Total
2003	\$ 17,594,524	\$ 5,638,618	\$ 3,072,835	\$ 1,208,121	\$ 1,018,646	\$ 34,592,617

Other Taxes include: Intangible, Real Estate Transfer, Hotel/Motel, Business & Occupation, and Insurance Premium, and Financial Institution tax.

City of Alpharetta  
Computation of Legal Debt margin  
June 30, 2003

Assessed valuations:		
Assessed value		\$ 2,853,079,015
Total assessed value		<u>\$ 2,853,079,015</u>
Legal debt margin		
Debt limitation - 10 percent of total assessed value		285,307,902
Debt applicable to limitation:		
Total bonded debt	50,438,275	
Less: Special assessment bonds		
Revenue bonds		
Amount available for repayment of general obligation bonds	<u>2,697,722</u>	<u>47,740,553</u>
Total debt applicable to limitation		<u>\$ 237,567,349</u>
Legal debt margin		

**City of Alpharetta**  
**Ratio of Annual Debt Service Expenditures**  
**For General Obligation Bonded Debt**  
**To Total General Governmental Expenditures**  
**Last Ten Fiscal Years**

Fiscal Year	Principal	Interest	Total		Ratio of Debt Service to General Governmental Expenditures
			Debt	General Governmental Expenditures	
1994	\$ 420,000	\$ 1,341,177	\$ 1,761,177	\$ 22,113,561	7.96
1995	\$ 660,000	\$ 1,323,428	\$ 1,983,428	\$ 22,815,597	8.69
1996	\$ 1,370,000	\$ 2,123,829	\$ 3,493,829	\$ 28,643,331	12.20
1997	\$ 1,440,000	\$ 2,085,139	\$ 3,525,139	\$ 31,600,884	11.16
1998	\$ 1,520,000	\$ 2,006,378	\$ 3,526,378	\$ 42,165,420	8.36
1999	\$ 1,595,000	\$ 3,249,055	\$ 4,844,055	\$ 36,528,080	13.26
2000	\$ 1,690,000	\$ 3,007,494	\$ 4,697,494	\$ 39,736,195	11.82
2001	\$ 1,901,250	\$ 3,440,501	\$ 5,341,751	\$ 43,597,846	12.25
2002	\$ 2,521,000	\$ 2,410,756	\$ 4,931,756	\$ 46,046,801	10.71
2003	\$ 3,840,106	\$ 2,529,581	\$ 6,369,687	\$ 42,185,521	15.10



City of Alpharetta  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2003

TABLE OF CONTENTS

	Page	
<b>INTRODUCTORY SECTION</b>		
Letter of Transmittal .....	5	
GFOA Certificate of Achievement .....	11	
Organizational Chart .....	12	
List of Elected and Appointed Officials .....	13	
<b>FINANCIAL SECTION</b>		
Independent Auditor's Report .....	15	
Management's Discussion and Analysis .....	17	
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Assets .....	29	
Statement of Activities .....	30	
Fund Financial Statements:		
Balance Sheet – Governmental Funds .....	31	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	32	
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	33	
Statement of Net Assets – Proprietary Funds .....	34	
Statement of Revenues, Expenses, and Changes in Fund Net assets – Proprietary Funds .....	35	
Statement of Cash Flows – Proprietary Funds .....	36	
Notes to the Financial Statements .....	37	
Required Supplementary Information:		
Schedule of Funding Progress – City of Alpharetta Retirement Plan .....	56	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual: General Fund .....	57	
Combining and Individual Fund Statement and Schedules:		
Combining Balance Sheet - Nonmajor Governmental Funds .....	59	
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - - Nonmajor Governmental Funds .....	60	
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:		
Debt Service Fund .....	61	
Capital Project Fund .....	62	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual From Inception – Bond III Fund .....		63
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:		
Hotel/Motel Special Revenue Fund .....	64	
Community Greenspace Special Revenue Fund .....	65	

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes 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 City include general government, public safety, public works, community development, and culture and recreation. The business-type activities include a water distribution system and a solid waste collection operation.

The government-wide financial statements can be found on pages 29-30 of this report.

**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. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City 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 government-wide financial statements. However, unlike the government-wide 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 narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both 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*.

The City maintains nine individual governmental funds. 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, debt service, capital project, and bond III (1998 general obligation bond issue) funds, all of which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* later in this document.

The City adopts an annual appropriated budget for all its governmental funds. A budgetary comparison statement has been provided for the major funds to demonstrate compliance with this budget.

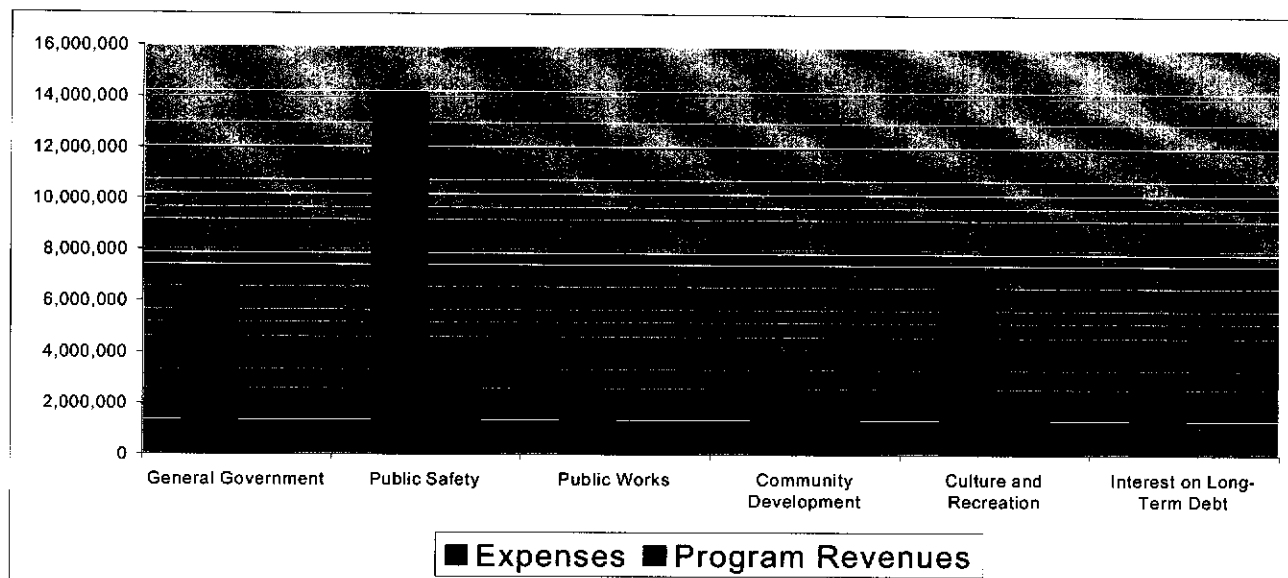
The basic governmental fund financial statements can be found on pages 57-68 of this report.

**Proprietary funds.** The City maintains one of two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Water distribution system and Solid Waste collection operation. *Internal service funds* are not used by the City, but are an accounting device used to accumulate and allocate costs internally among various governmental functions. Since the City of Alpharetta does not use internal service funds, budgetary appropriations and expenses are maintained within the function of each fund where these services would otherwise be performed.

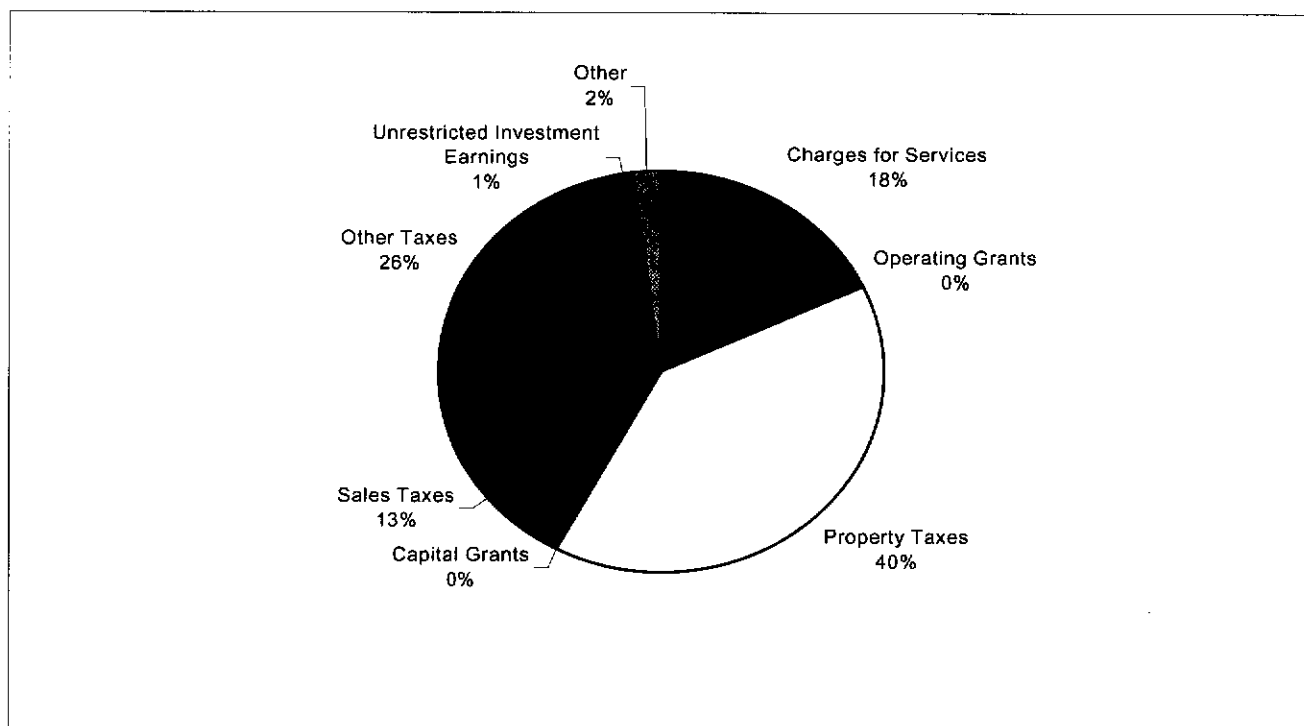
## CITY OF ALPHARETTA'S Net Assets

	Governmental Activities	Business-type Activities	Total
	2003	2003	2003
<b>Revenues:</b>			
<b>Program revenues:</b>			
Charges for services	\$7,900,681	\$5,165,194	\$13,065,875
Operating grants and contributions	65,818	-	65,818
Capital grants and contributions	77,594	-	77,594
<b>General revenues:</b>			
Property Taxes	17,441,980	-	17,441,980
Local Option Sales Tax	5,638,618	-	5,638,618
Other Taxes	11,359,475	-	11,359,475
Unrestricted Investment Earnings	660,410	26,211	686,621
Other revenues	913,623	4,581	918,204
<b>Total revenues</b>	<b>\$44,058,199</b>	<b>\$5,195,986</b>	<b>\$49,254,185</b>
<b>Expenses:</b>			
General government	7,089,104	-	7,089,104
Public safety	14,149,504	-	14,149,504
Public Works	1,676,631	-	1,676,631
Community development	4,064,468	-	4,064,468
Culture and recreation	7,164,113	-	7,164,113
Interest on long-term debt	2,944,647	-	2,944,647
Water	-	3,713,758	3,713,758
Solid Waste	-	1,742,504	1,742,504
<b>Total expenses</b>	<b>\$37,088,467</b>	<b>\$5,456,262</b>	<b>\$42,544,729</b>
Increase in net assets before transfers	6,969,732	(260,276)	6,709,456
Transfers	(60,000)	60,000	-
Increase in net assets	6,909,732	(200,276)	6,709,456
Net assets - 7/1/02	30,922,991	4,713,035	35,636,026
Net assets - 6/30/03	\$ 37,832,723	\$ 4,512,759	\$ 42,345,482

## Expenses and Program Revenues – Governmental Activities



## Revenues by Source – Governmental Activities



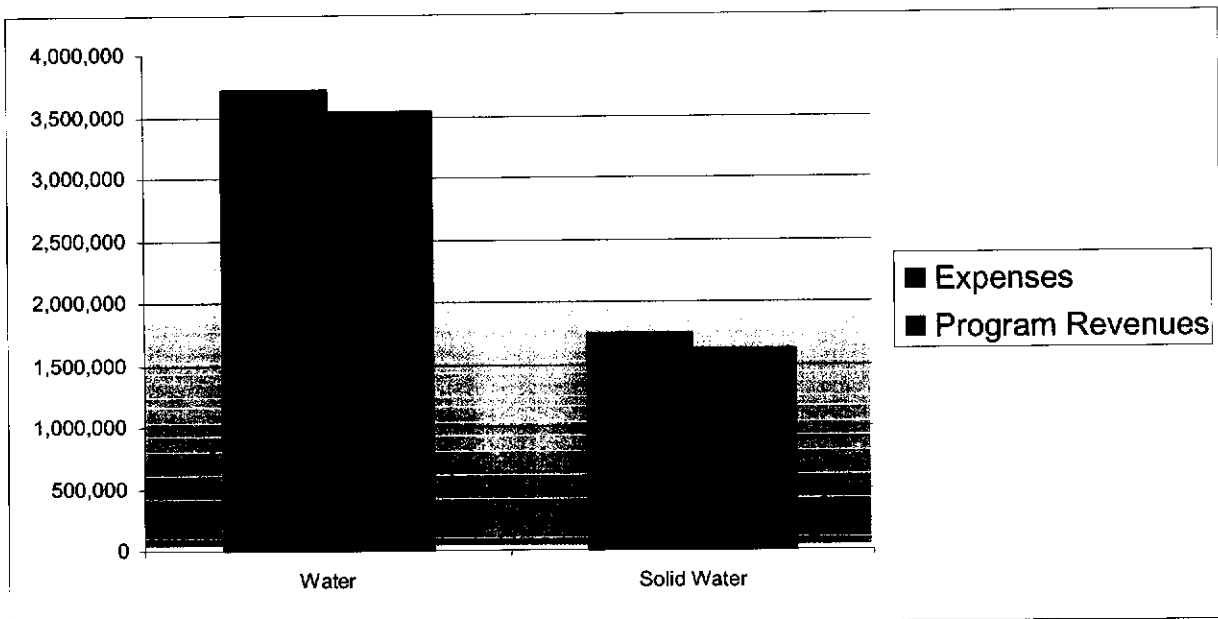
For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. One noteworthy exception, however, was the City of Alpharetta's Municipal Court function. In that instance, the growth in expenses of \$141,935 (41.7 percent) primarily reflects the cost personnel assigned to process citations issued by the police department. Revenues as a result of the increased volume from a new program represent a 146 percent increase, equating to \$1,222,949.



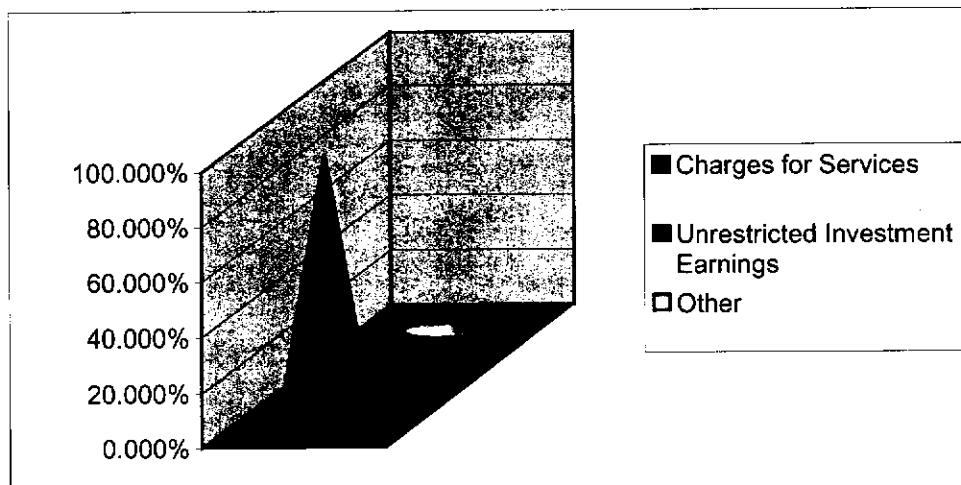
**Business-type activities.** Business-type activities decreased the City of Alpharetta's net assets by \$200,276. Key elements of this decrease are as follows.

- Charges for services for business-type activities decreased by 6.9 percent.
- The operating transfer into the solid waste fund was reduced \$115,000 from the prior fiscal year.
- Overhead associated with the water distribution and solid waste collection services result in a substantial cost, with both businesses serving few customers.

### Expenses and Program Revenues – Business-type Activities



### Revenues by Source – Business-type Activities



## Financial Analysis of the Government's Funds

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

**Governmental funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved 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 City's governmental funds reported combined ending fund balance of \$31,806,897, an increase of \$1,616,309 in comparison to the prior year. Almost half of this total amount (\$13.9 million) constitutes *unreserved fund balance*, with \$9.9 of that amount designated for specific purposes. The unreserved and undesignated portion represents \$4 million, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to: 1) capital projects which have been approved, but not yet expensed, (\$14,292,904), 2) pay debt service (\$2,697,722), or 3) for a variety of other restricted purposes (\$819,986).

### General Fund

The general fund is the chief operating fund of the City. This fund accounts for nearly all services provided by the government with the exception of water and solid waste. Financial condition indicators for this fund are discussed below.

In order to analyze the ability of the City to meet current obligations, the City deploys a measure of cash and cash equivalents as a percentage of current liabilities. As of the end of the fiscal year, the City is able to meet 65 percent of current obligations with existing cash on hand. Although slightly below the accepted norm of 100 percent, a 16 percent improvement from the prior fiscal year was realized. Through an aggressively managed cash flow program incorporated into the annual budget, the City is able to invest idle cash in order to maximize investment yields, thus increasing revenue. As of the close of the fiscal year, the City has substantial investments held in the general fund (\$12,206,962). Additionally, aggressive collection of receivables allows for increased cash liquidity. Although receivables increased \$114,473 from the same period last year, the collection rate for billed accounts paid within the year remained within the 90 percentile. The Statistical Section includes analysis on the collection rate of property tax, the largest source of revenue for the general fund.

A secondary measure for cash solvency is the analysis of current liabilities as a percentage of total revenues and other financing sources. This indicator assists the City in determine how much cash from the subsequent year's revenues (an estimated 8 percent) will be consumed by the current year's liabilities.

At the end of the current fiscal year, unreserved fund balance of the general fund was \$13,182,532 while total fund balance reached \$13,928,632. As a measure of the general fund's liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 46.8 percent of total general fund expenditures, while total fund balance represents 49.4 percent of that same amount.

## **General Fund**

Revenue estimates for the year were raised from \$27.6 million to \$29.5 million, representing a \$1,978,856 increase. Due primarily from the re-negotiation of Local Option Sales Tax (LOST), revenue estimates from this tax were increased \$1.5 million. LOST is re-negotiated every ten years, and distributed by population based upon the national census figures. The City's population nearly tripled between 1990 and 2000. Additionally, fine and forfeiture revenue was increased \$350,000 during the year to account for the increased revenue derived from an improved community policing effort. The remainder of the budgetary increases reflect changes resulting from the analysis of trend information based upon current year-to-date receipts.

General government expenditure appropriations increased \$1,931,853 during the mid-year budget process. Of this increase, \$1.5 million was attributable to a one-time contribution to the City of Alpharetta Pension Plan made in February 2003 as a result of the deterioration of the plan's funding in comparison to accrued liabilities. Although the actuarial calculations performed as of January 1, 2003 (reflected in this document) do not incorporate this additional contribution, the City shall continue to make scheduled contributions based upon the actuary calculations. The remainder of the fund budgetary increases and decreases reflect the re-alignment of appropriations from the original estimation of cost for services compared to the contracted price.

## **Debt Service Fund**

Expenditure appropriations increased \$255,157 as a result of the approval of the City Council to retire all outstanding capital leases, and the appropriation of funds to cover issuance costs of a refunding bond.

## **Capital Project Fund**

The Capital Project Fund saw a dramatic increase in Capital Outlay appropriations for pay-as-you go projects during the year. Due primarily to the adoption of project-length budgets, the City administers the process of carrying over prior year unused funds through a series of reviews, ensuring the project is still in alignment with Council objectives and priorities.

## **Capital Asset and Debt Administration**

**Capital assets.** The City of Alpharetta's investment in capital assets for its governmental and business type activities as of June 30, 2003, amounts to \$60,616,751 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City's investment in capital assets for the current fiscal year was 8.7 percent (a 9.8 percent increase for governmental activities and a 3.9 percent decrease for business-type activities).

Although the operations of the business-type activities did not result in the acquisition of significant capital assets, major events during the current fiscal for governmental activities included the following:

- Construction began on an addition to the City's Senior Arts Center located in North Park; construction in progress as of the close of the fiscal year had reached \$24,478.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation, less current debt issued. The legal debt limitation for the City is \$285,307,902 which is significantly in excess of the City's outstanding obligation debt.

Additional information on the City of Alpharetta's long-term debt can be found in note IV.F on pages 49-51 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

- The City providing property tax relief for the fifth consecutive year. Relief was distributed through two primary changes, the first a millage rate decrease of .23 mills, and the second, an increase to the homestead exemption from 10,000 to 20,000.
- The full impact from the renegotiations of LOST revenue will be seen in fiscal year 2004, resulting in an increase of \$3.6 million in revenue.
- Fine/Forfeiture Revenue is estimated to grow 31.8% over the fiscal year 2003 estimates, and mark a \$1.4 million increase in revenues.
- The City's Health Insurance plan was re-designed, resulting in the change of partially self-insured plan to a fully-insured plan. In addition, employee's contributions for coverage rose from \$39.41 to \$50.00 for family/dependent coverage. These two changes are anticipated to save the City in excess of \$700,000 in benefit costs.
- Cost of living adjustments/merit increases were changed based upon national averages driven by the national economy. Through a reduction of budgeting 6% to 4.5%, the City is expected to save over \$325,000 in salary costs.

All of these factors were considered in preparing the City of Alpharetta budget for the 2004 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased to \$13,182,532. The City has appropriated \$2,000,000 of this amount for spending in the 2004 fiscal year budget. It is intended that this use of available fund balance will be used to fund a transfer between the general and capital project funds in order to finance pay-as-you go projects. The City restricts the use of one-time revenues to operations, and limits the growth in expenditures from operations to those performance indicators which are designated as inadequate by City Council.

Both the water distribution system and the solid waste collection programs are being reviewed during fiscal year 2004. The Department of Finance will complete a service strategy report for adoption by the City Council in fiscal year 2004 providing recommendations to address the continued economic downturn of the water and solid waste services.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Alpharetta'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 Department of Finance, City of Alpharetta, Two South Main Street, City of Alpharetta, Georgia, 30004, or by calling 678-297-6060.



# **BASIC FINANCIAL STATEMENTS**

**City of Alpharetta  
Balance Sheet  
Governmental Funds  
June 30, 2003**

	General	Debt Service	Capital Project	Bond III	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,571,360	\$ 221,733	\$ 29,049	\$ -	\$ 209,773	\$ 2,031,915
Investments	12,206,962	2,429,605	6,153,521	-	1,595,340	22,385,428
Receivables (net of allowance for uncollectibles)						
Property Taxes	311,140	131,225	-	-	-	442,365
Other Taxes	1,982,783	-	-	-	202,431	2,185,214
Accounts	43,361	-	-	-	95,117	138,478
Due from other funds	339,972	-	-	-	-	339,972
Inventories	180,501	-	-	-	-	180,501
Prepaid Items	199,309	-	-	-	-	199,309
Cash - restricted	-	-	-	8,686,689	-	8,686,689
Intergovernmental receivable						
Restricted	339,215	-	17,239	-	-	356,454
Total assets	<u>\$ 17,174,603</u>	<u>\$ 2,782,563</u>	<u>\$ 6,199,809</u>	<u>\$ 8,686,689</u>	<u>\$ 2,102,661</u>	<u>\$ 36,946,325</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
<b>Current</b>						
Accounts payable	825,782	4,944	564,107	63,821	149,562	1,608,216
Retainage payable	-	-	404,557	25,745	-	430,302
Arbitrage Payable	-	-	-	233,370	-	233,370
Accrued Salaries	385,898	-	-	-	15,299	401,197
Claims payable	57,109	-	-	-	-	57,109
Due to other funds	-	-	-	-	80,972	80,972
Deferred revenue	502,756	79,897	2,050	-	-	584,703
Unearned revenue	19,859	-	166,731	-	82,574	269,164
Compensated Absences	612,333	-	-	-	19,828	632,161
<b>Non-Current</b>						
Unclaimed Property	347,407	-	-	-	-	347,407
Claims payable	494,827	-	-	-	-	494,827
Total liabilities	<u>3,245,971</u>	<u>84,841</u>	<u>1,137,445</u>	<u>322,936</u>	<u>348,235</u>	<u>5,139,428</u>
<b>Fund balances:</b>						
<b>Reserved for</b>						
Inventory	180,501	-	-	-	-	180,501
Pre-paid Items	199,309	-	-	-	-	199,309
Tree Bank	166,290	-	-	-	-	166,290
Detention Facility	200,000	-	-	-	-	200,000
Public Safety	-	-	22,378	-	51,508	73,886
Debt Service	-	2,697,722	-	-	-	2,697,722
Capital Projects	-	-	5,039,986	8,363,753	889,165	14,292,904
<b>Unreserved for</b>						
Designated	9,958,671	-	-	-	-	9,958,671
General fund	3,223,861	-	-	-	-	3,223,861
Special revenue funds	-	-	-	-	813,753	813,753
Total fund balances	<u>13,928,632</u>	<u>2,697,722</u>	<u>5,062,364</u>	<u>8,363,753</u>	<u>1,754,426</u>	<u>31,806,897</u>
Total liabilities and Fund balances	<u>\$ 17,174,603</u>	<u>\$ 2,782,563</u>	<u>\$ 6,199,809</u>	<u>\$ 8,686,689</u>	<u>\$ 2,102,661</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

56,193,808

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.

584,703

Long-term liabilities including bonds payable are not due and payable in the current period and therefore are not reported in the funds

(50,752,685)

\$ 37,832,723

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

**City of Alpharetta**  
**Statement of Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2003**

	<u>Water</u>	<u>Solid Waste</u>	<u>Totals</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 260,660	\$ 23,044	\$ 283,704
Investments	545	456,413	456,958
Accounts receivables (net of allowance for uncollectibles)	560,880	237,547	798,427
Inventories, at Cost	58,578	-	58,578
Total current assets	<u>880,663</u>	<u>717,004</u>	<u>1,597,667</u>
Noncurrent assets:			
Restricted cash, cash equivalents, and investments:	1,645,519	-	1,645,519
Total restricted assets	<u>1,645,519</u>	<u>-</u>	<u>1,645,519</u>
Capital assets			
Buildings and system	6,221,751	-	6,221,751
Machinery and equipment	460,902	-	460,902
Less accumulated depreciation	(2,259,710)	-	(2,259,710)
Total capital assets (net of accumulated depreciation)	<u>4,422,943</u>	<u>-</u>	<u>4,422,943</u>
Total noncurrent assets	<u>6,068,462</u>	<u>-</u>	<u>6,068,462</u>
Total assets	<u>6,949,125</u>	<u>717,004</u>	<u>7,666,129</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	432,515	263,687	696,202
Accrued salaries	15,108	-	15,108
Accrued interest payable	13,594	-	13,594
Compensated absences payable	24,047	-	24,047
Notes payable - revenue bonds	179,481	-	179,481
Due to other funds	259,000	-	259,000
Total current liabilities	<u>923,745</u>	<u>263,687</u>	<u>1,187,432</u>
Current liabilities payable from restricted assets:			
Revenue bonds payable	519	-	519
Total current liabilities payable from restricted assets	<u>519</u>	<u>-</u>	<u>519</u>
Noncurrent liabilities:			
Customer deposits	296,686	-	296,686
Compensated absences less current portion	23,733	-	23,733
Revenue bonds payable	1,645,000	-	1,645,000
Total noncurrent liabilities	<u>1,965,419</u>	<u>-</u>	<u>1,965,419</u>
Total liabilities	<u>2,889,683</u>	<u>263,687</u>	<u>3,153,370</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,597,943	-	2,597,943
Restricted for debt service	1,645,519	-	1,645,519
Unrestricted	(184,020)	453,317	269,297
Total net assets	<u>\$ 4,059,442</u>	<u>\$ 453,317</u>	<u>\$ 4,512,759</u>

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

City of Alpharetta  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2003**

	<u>Water</u>	<u>Solid Waste</u>	<u>Totals</u>
Operating revenues:			
Charges for sales and services:			
Water sales	\$ 1,753,642	\$ -	\$ 1,753,642
Sewer sales	1,790,250	-	1,790,250
Refuse Collection charges	-	1,621,302	1,621,302
Miscellaneous revenue	4,570	11	4,581
Total operating revenues	<u>3,548,462</u>	<u>1,621,313</u>	<u>5,169,775</u>
Operating expenses:			
Administration	461,826	1,911	463,737
Operations	2,955,087	1,740,593	4,695,680
Depreciation	211,508	-	211,508
Total operating expenses	<u>3,628,421</u>	<u>1,742,504</u>	<u>5,370,925</u>
Operating loss	(79,959)	(121,191)	(201,150)
Nonoperating revenues (expenses):			
Investment earnings	10,015	16,196	26,211
Interest expense	(85,337)	-	(85,337)
Total nonoperating revenue (expenses)	<u>(75,322)</u>	<u>16,196</u>	<u>(59,126)</u>
Loss before transfers	(155,281)	(104,995)	(260,276)
Transfers in	<u>-</u>	<u>60,000</u>	<u>60,000</u>
Change in Net Assets	(155,281)	(44,995)	(200,276)
Total net assets-beginning	<u>4,214,723</u>	<u>498,312</u>	<u>4,713,035</u>
Total net assets-ending	<u>\$ 4,059,442</u>	<u>\$ 453,317</u>	<u>\$ 4,512,759</u>

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



funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 1.5 percent of outstanding property taxes at June 30, 2003.

Property taxes are levied as of January 1 on property values assessed as of the same date. Tax notices are mailed on or about October 1 of each year and are due 60 days from the billing date. The billings are considered past due if the payment is not rendered within the 60 day period after the respective tax billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed. The City bills and collects its own property taxes.

### ***3. Inventories and prepaid items***

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

### ***4. Restricted assets***

Proceeds of the 1998 General Obligation Bond Issue are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "bond construction" account is used to track the use of bond proceeds for projects approved during the voter referendum.

Certain resources set aside for the repayment of the Water Revenue Bonds are also classified as restricted assets. These funds are maintained in a separate bank account and their use is limited by applicable bond covenants. The "water sinking fund" account is used to segregate resources accumulated for debt service payments over the life of the bond. As of June 30, 2003, the balance in the account equaled the total liability of future principal payments, less \$179,000. This amount is expected to be funded within the first quarter of fiscal year 2004.

### ***5. Capital Assets***

Capital assets, which include property plant equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. As provided for by GASB 34, the City has not included infrastructure assets acquired prior to July 1, 2002. The City intends to identify and report infrastructure assets acquired prior to July 1, 2002 in a later year, but no later than June 30, 2007.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the Water Fund during the current fiscal year was \$85,337. None of the interest expense was included as part of the cost of capital assets under construction, as the construction phase of the water distribution system attributable to the revenue bond is completed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20
Public domain infrastructure	50
System infrastructure	30
Vehicles	5
Office equipment	5
Computer equipment	5

## **6. *Compensated absences***

It is the government's policy to permit employees to accumulate earned but unused paid time off benefits. All paid time off pay is accrued when incurred in the government-wide proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, or if they are expected to be paid within the following twelve months.

## **7. *Long-term obligations***

In the government-wide 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 or business-type activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## 8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

## 9. Comparative data/reclassifications

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

### II. Reconciliation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

#### A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$50,752,685 difference are as follows:

Bonds payable	\$ 48,865,000
Less: Deferred charge on refunding (to be amortized as interest expense)	(1,010,735)
Notes Payable	1,573,275
Accrued interest payable	398,069
Compensated absences	927,076
	<hr/>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	\$ 50,752,685

#### B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities

The governmental fund statement of revenues expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$1,347,912 difference are as follows:

**City of Alpharetta**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the year Ended June 30, 2003**

	Special Revenue					Total Nonmajor Governmental Funds
	Hotel Motel	Community Greenspace	Emergency 911	Impact Fee	Drug Enforcement	
<b>REVENUES</b>						
Hotel Motel Tax	\$ 2,302,389	-	-	-	-	\$ 2,302,389
Charges for Service	-	-	1,064,788	-	-	1,064,788
Impact Fees	-	-	-	760,135	-	760,135
Forfeiture Income	-	-	-	-	25,214	25,214
Investment Earnings	-	-	16,895	32,537	613	50,045
Total revenues	<u>2,302,389</u>	<u>-</u>	<u>1,081,683</u>	<u>792,672</u>	<u>25,827</u>	<u>4,202,571</u>
<b>EXPENDITURES</b>						
Tourism	2,302,389	-	-	-	-	2,302,389
Culture/Recreation	-	179,419	-	-	-	179,419
Public Safety	-	-	1,044,990	-	73,474	1,118,464
General Government	-	-	-	22,804	-	22,804
Total expenditures	<u>2,302,389</u>	<u>179,419</u>	<u>1,044,990</u>	<u>22,804</u>	<u>73,474</u>	<u>3,623,076</u>
Excess (deficiency) of revenues over (under) expenditures	-	(179,419)	36,693	769,868	(47,647)	579,495
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out:						
Debt service fund	-	-	-	(1,100,000)	-	(1,100,000)
Total other financing sources and (uses)	-	-	-	(1,100,000)	-	(1,100,000)
Net change in fund balances	-	(179,419)	36,693	(330,132)	(47,647)	(520,505)
Fund balances - beginning	10,722	179,419	766,338	1,219,297	99,155	2,274,931
Fund balances - ending	<u>\$ 10,722</u>	<u>\$ -</u>	<u>\$ 803,031</u>	<u>\$ 889,165</u>	<u>\$ 51,508</u>	<u>\$ 1,754,426</u>

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

City of Alpharetta  
Debt Service Fund  
Statement of Revenues, Ependitures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
<b>REVENUES</b>				
Property tax	\$ 5,288,047	\$ 5,288,047	\$ 5,669,632	\$ 381,585
Investment earnings	62,212	62,212	72,202	9,990
Total revenues	5,350,259	5,350,259	5,741,834	391,575
<b>EXPENDITURES</b>				
Current:				
General government				
Finance	15,000	15,000	2,379	12,621
Total general government	15,000	15,000	2,379	12,621
Debt Service:				
Principal	3,641,810	3,746,967	3,840,106	(93,139)
Interest	2,793,449	2,793,449	2,529,581	263,868
Bond issuance costs	-	150,000	32,992	117,008
Total debt service	6,435,259	6,690,416	6,402,679	287,737
Total expenditures	6,450,259	6,705,416	6,405,058	300,358
Excess of revenues over expenditures	(1,100,000)	(1,355,157)	(663,224)	691,933
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,100,000	1,100,000	1,100,000	-
Total other financing sources and uses	1,100,000	1,100,000	1,100,000	-
Net change in fund balances	-	(255,157)	436,776	691,933
Fund balances - beginning	2,260,946	2,260,946	2,260,946	-
Fund balances - ending	\$ 2,260,946	\$ 2,005,789	\$ 2,697,722	\$ 691,933

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

City of Alpharetta  
Community Greenspace Special Revenue Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances -- Budget and Actual  
For the Year Ended June 30, 2003

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>			
Investment Earnings	\$ -	\$ -	\$ -
Total revenues	-	-	-
<b>EXPENDITURES</b>			
Culture/Recreation	-	179,419	(179,419)
Total expenditures	-	179,419	(179,419)
Deficiency of revenues under expenditures	-	(179,419)	(179,419)
Fund balances - beginning	179,419	179,419	-
Fund balances - ending	\$ 179,419	\$ -	\$ (179,419)

City of Alpharetta  
Impact Fee Special Revenue Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2003

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
<b>REVENUES:</b>			
Impact Fees	\$ 371,113	\$ 760,135	\$ 389,022
Investment Earnings	15,000	32,537	17,537
Total Revenues	<u>386,113</u>	<u>792,672</u>	<u>406,559</u>
<b>EXPENDITURES:</b>			
General Government	<u>15,000</u>	<u>22,804</u>	<u>(7,804)</u>
Total expenditures	<u>15,000</u>	<u>22,804</u>	<u>(7,804)</u>
Excess of revenues over expenditures	371,113	769,868	398,755
<b>Other Financing Sources:</b>			
Transfers Out	<u>1,100,000</u>	<u>1,100,000</u>	<u>-</u>
Net change in fund balances	<u>\$ (728,887)</u>	<u>\$ (330,132)</u>	<u>\$ 398,755</u>
Fund balances - beginning	<u>1,219,297</u>	<u>1,219,297</u>	<u>-</u>
Fund balances - ending	<u>\$ 490,410</u>	<u>\$ 889,165</u>	<u>\$ 398,755</u>

City of Alpharetta  
**Capital Assets Used in the Operation of Governmental Funds**  
**Comparative Schedules By Source**  
**June 30, 2003**

	<u>2003</u>	<u>2002</u>
Governmental funds capital assets:		
Land	\$ 20,356,799	\$ 18,243,526
Buildings	27,282,787	25,317,285
Improvements other than buildings	5,115,086	7,497,127
Machinery and equipment	12,559,573	11,013,802
Infrastructure	455,187	-
Construction in progress	4,274,996	-
Total governmental funds capital assets	<u>70,044,428</u>	<u>62,071,740</u>
Investments in governmental funds capital assets by source:		
General fund	\$ 14,927,587	\$ 13,876,397
Special revenue fund	1,321,395	965,994
Capital projects funds	53,795,446	47,229,349
Total governmental funds capital assets	<u>\$ 70,044,428</u>	<u>\$ 62,071,740</u>



City of Alpharetta  
Capital Assets Used in the Operation of Governmental Funds  
Schedule By Function and Activity  
June 30, 2003

	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress	Total
Function and Activity							
General government:	\$ 4,181,865	\$ 3,400,076	\$ 290,438	\$ 1,042,802	\$ -	\$ 140,334	\$ 9,055,515
Public safety:							
Police	932,383	4,993,222		4,230,238		41,083	10,196,926
Fire	851,442	5,243,024		3,838,687			9,933,153
Total public safety	1,783,825	10,236,246	-	8,068,925	-	41,083	20,130,079
Public Works	2,017,347	1,192,059	409,199	2,298,419	455,187	4,091,357	10,463,568
Culture and recreation	12,373,762	12,454,406	4,415,449	1,149,427		2,222	30,395,266
Total governmental funds	\$ 20,356,799	\$ 27,282,787	\$ 5,115,086	\$ 12,559,573	\$ 455,187	\$ 4,274,996	\$ 70,044,428
Capital Assets							

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City of Alpharetta  
Government-wide Expenses by Function  
Current Fiscal Year

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Community Development</u>	<u>Culture and Recreation</u>	<u>Interest on Long-term Debt</u>	<u>Water</u>	<u>Solid Waste</u>	<u>Total</u>
2003	\$ 7,089,104	\$ 14,149,504	\$ 1,676,631	\$ 4,064,468	\$ 7,164,113	\$ 2,944,647	\$ 3,713,758	\$ 1,742,504	\$ 42,544,729

**City of Alpharetta**  
**General Governmental Expenditures by Function**  
**Last Ten Fiscal Years**

Fiscal Year	General Government	Public		Public Works	Economic and Community Development		Culture and Recreation	Capital Outlay		Debt Service		Total
		Safety										
1994	\$ 1,844,335	\$ 3,570,339		\$ 2,308,835	\$ -		\$ 751,971	\$ 11,876,904		\$ 1,761,177		\$ 22,113,561
1995	2,063,666	3,578,408		2,159,273	-		777,441	11,846,965		2,389,844		\$ 22,815,597
1996	3,635,028	3,919,339		2,633,179	-		1,396,786	12,994,484		4,064,515		\$ 28,643,331
1997	4,043,454	4,660,338		2,909,342	-		1,828,203	13,956,389		4,203,158		\$ 31,600,884
1998	4,439,433	5,637,308		3,418,931	-		2,417,753	21,402,865		4,849,130		\$ 42,165,420
1999	6,294,353	6,475,452		4,341,789	-		2,957,415	10,529,284		5,929,787		\$ 36,528,080
2000	7,321,122	7,468,974		4,407,066	-		3,606,710	11,301,944		5,630,379		\$ 39,736,195
2001	7,520,584	10,088,217		3,730,234	1,406,785		4,375,821	11,043,110		6,063,095		\$ 44,227,846
2002	7,683,489	11,753,268		3,858,352	1,511,275		4,591,862	10,880,338		5,768,217		\$ 46,046,801
2003	7,468,563	12,375,049		3,150,609	3,807,186		4,976,514	4,004,921		6,402,679		\$ 42,185,521

**City of Alpharetta**  
**Assessed and Estimated Actual Value of Property**  
**Last Ten Fiscal Years**

Real Property			Personal Property			Exemptions		Total		Ratio of Total Assessed Value to Total Estimated Actual Value
Assessed Value	Estimated Actual Value		Assessed Value	Estimated Actual Value		Real Property		Assessed Value	Estimated Actual Value	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
594,243,112	1,485,607,780	234,743,022	586,857,555	83,642,153	828,986,134	2,072,465,335	40.00			
715,305,065	1,788,262,663	248,625,258	621,563,145	24,017,612	963,930,323	2,409,825,808	40.00			
798,336,575	1,995,841,438	272,248,595	680,621,488	28,145,458	1,070,585,170	2,676,462,925	40.00			
972,108,546	2,430,271,365	321,107,104	802,767,760	23,304,172	1,293,215,650	3,233,039,125	40.00			
1,353,424,667	3,383,561,668	360,259,496	900,648,740	20,707,418	1,713,684,163	4,284,210,408	40.00			
1,534,732,027	3,836,830,068	427,756,439	1,069,391,098	25,696,729	1,962,488,466	4,906,221,165	40.00			
1,717,069,246	4,292,673,115	507,269,691	1,268,174,228	30,881,921	2,224,338,937	5,560,847,343	40.00			
1,957,995,685	4,894,989,213	546,421,712	1,366,054,280	166,905,551	2,504,417,397	6,261,043,493	40.00			
2,178,405,312	5,446,013,280	576,344,930	1,440,862,325	27,508,046	2,754,750,242	6,886,875,605	40.00			

**City of Alpharetta**  
**Ratio of Net General Obligation Bonded Debt**  
**To Assessed Value and Net General Obligation Bonded Debt per Capita**  
**Last Ten Years**

<u>Fiscal Year</u>	<u>Population Estimates</u>	<u>Assessed Value</u>	<u>Gross Bonded Debt</u>	<u>Less Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt per Capita</u>
1994	17,000	\$ 532,000,000	\$ 21,890,000	\$ 161,354	\$ 21,728,646	0.04	\$ 1,278.16
1995	20,915	\$ 586,826,325	\$ 38,215,000	\$ 62,326	\$ 38,152,674	0.07	\$ 1,824.18
1996	22,504	\$ 1,058,719,267	\$ 36,845,000	\$ 68,361	\$ 36,776,639	0.03	\$ 1,634.23
1997	23,246	\$ 1,276,077,960	\$ 35,405,000	\$ 311,843	\$ 35,093,157	0.03	\$ 1,509.64
1998	24,536	\$ 1,689,980,294	\$ 58,785,000	\$ 380,753	\$ 58,404,247	0.03	\$ 2,380.35
1999	30,000	\$ 1,877,138,494	\$ 57,190,000	\$ (305,900)	\$ 57,495,900	0.03	\$ 1,916.53
2000	30,000	\$ 2,075,165,895	\$ 57,249,000	\$ 758,598	\$ 56,490,402	0.03	\$ 1,883.01
2001	35,112	\$ 2,337,989,324	\$ 57,036,249	\$ 498,095	\$ 56,538,154	0.02	\$ 1,610.22
2002	36,079	\$ 2,504,417,397	\$ 54,066,466	\$ 2,260,946	\$ 51,805,520	0.02	\$ 1,435.89
2003	37,090	\$ 2,853,079,015	\$ 50,438,275	\$ 2,697,722	\$ 47,740,553	0.02	\$ 1,287.15

**City of Alpharetta**  
**Computation of Direct and Overlapping Bonded Debt**  
**General Obligation Bonds**  
**June 30, 2003**

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
Fulton County	\$ 49,464,651	5.39%	\$ 2,666,145
Fulton County School District	25,417,500	9.68%	\$ 2,460,414
City of Alpharetta	50,438,275	100.00%	\$ 50,438,275
Total			<u>\$ 55,564,834</u>