

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2009

Alpharetta

G E O R G I A • U S A





City of Alpharetta, Georgia

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2009

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Director of Finance

Submitted By:

Robert J. Regus
City Administrator



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INTRODUCTORY SECTION



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

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2009. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls established for this purpose. Since the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

Mauldin & Jenkins, Certified Public Accountants, LLC, have issued an unqualified (“clean”) opinion on the City of Alpharetta’s financial statements for the year ended June 30, 2009. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (“MD&A”) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Our History

From the North Georgia Mountains to the Chattahoochee River along a Cherokee Indian trail, a tiny village named *New Prospect Camp Ground* was formed. This village, made up of tents, a log school, and an arbor became a trading post where Indians and settlers exchanged their goods. The surrounding countryside provided excellent farmland, especially for cotton. On December 11, 1858, the town was chartered and became the county seat of Milton County. The town was renamed Alpharetta from the Greek words “alpha” meaning first and “retta” meaning town.

When the depression of the early 1930’s devastated the nation’s economy, Milton County found itself near bank-

ruptcy. In order to save the area from disaster, it was decided that a merger of Milton County with Fulton County would be to everyone’s advantage. Today, Alpharetta represents one of fourteen incorporated cities/towns within Fulton County and is one of the fastest growing communities in the South. Its environment is considered ideal for raising families and living a quality lifestyle free from the problems found in so many similar sized cities.

Located approximately 25 miles north of the City of Atlanta, Alpharetta occupies a land area of approximately 27 square miles and serves an estimated population of 52,334. Population growth has been fueled in part by the City’s strong economic base as well as the annexation of surrounding communities. With the recent incorporation of the City of Milton and the City of John’s Creek, all unincorporated areas within north Fulton County have been absorbed. As such, future growth will be through internal development and redevelopment as opposed to annexation.

Government Profile

The City operates under a strong mayoral form of government, whereby the mayor possesses all of the executive and administrative powers granted to the government under the constitution and laws of the State of Georgia and the City charter. Policy making and legislative authority are vested in the governing council, consisting of the mayor and six (6) council members, all elected on a non-partisan basis. The mayor is chosen by popular vote. City Council members run for a specific post, but they are elected by a city-wide vote. The City’s elected officials serve four (4) year terms which begin on January 2nd immediately following the date of election into office. Council members elected for three (3) consecutive terms are not eligible for the succeeding term. A mayor elected and qualified for two (2) consecutive terms is not eligible for a succeeding term. Elections are held every two (2) years and are conducted by the Fulton County Board of Elections. The Mayor and City Council appoint a City Administrator to carry out the day to day operations of the City.

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 services are provided through relationships with private operators. The City created a legally separate entity, the Development Authority of Alpharetta, to assist with, among other things, capital funding. Financial information for the Development Authority has been included within this document and additional information can be found within the Notes to the Financial Statements in Note I (A).

Budget Basis and Structure

The annual budget serves as the foundation for the City's financial plan and assists in control of the financial stability and health of the government. The Mayor and Council are legally required to adopt a balanced budget (i.e. revenues = expenditures) no later than the close of the fiscal year. The City's fiscal year runs from July 1st through June 30th.

The City's budget is created under a hybrid performance-based budgeting system. This type of budgeting system blends the traditional historical financial trend model with the performance based model of identifying a particular level of performance for each type of service/program and the resources necessary to operate it, as well as describes the structure of the departments and the programs into which they are divided. The legal level-of-control (i.e. the spending level at which expenditures may not legally exceed appropriations) resides at the department level within a given fund. As such, reallocation of appropriations between line-items is acceptable within a given department (with a few exceptions). Budget amendments that cross departments must be approved in advance by the City Council. As such, these amendments are typically brought for consideration by City Council during the mid-year budget review process.

Local Economy

The City enjoys a favorable economic environment with a significant commercial presence and strong employment base. While our local economic base is stronger than most, we are starting to feel the effects of the slow-

ing economy in our revenue trends, particularly revenues related to construction (e.g. building permit fees, plan review fees, etc.).

Alpharetta is home to many large computer software, telecommunication, financial, and professional service companies such as McKesson, ADP, Hewlett Packard, IBM Technologies, GE Consumer Finance, and AT&T Mobility, etc. 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.

City government, together with the Alpharetta Convention and Visitors Bureau, continues to attract and host a considerable number of regional special events, such as the Alpharetta Arts StreetFest, a two day juried fine art festival in downtown Alpharetta. In addition, the City also sponsors large-scale community events like the Taste of Alpharetta which continues to be a favorite of the locals and is enjoyed by nearly 60,000 people annually.

Positive economic activity is being generated by the Verizon Wireless Amphitheatre at Encore Park which opened May 10, 2008. The 12,000 seat state-of-the-art venue is home to the Grammy award winning Atlanta Symphony Orchestra and has hosted numerous headline talent such as the Eagles, Steve Miller Band, Stevie Nicks, Rush, Stone Temple Pilots, Rod Stewart, John Mayer, Dave Matthews Band, etc.

Strategic Financial Planning

Governments in our regional area as well as across the country are experiencing significant budgetary shortfalls due to slowing economic growth and weak construction activity. Although many economic factors are largely outside of local government control, the City Council, City Administration, and City departments have displayed impressive financial stewardship over the years through an established philosophy of budgetary evaluation. This philosophy entails reviewing the needs of the City relative to a standard that services and associated costs should not be appropriated unless they are justified as strategic goals of the organization that serve to accomplish our guiding principles.



This philosophy is a foundation of our budget process as evidenced by City Administration's direction to departments that base operating budgets (i.e. maintenance & operations) should be submitted with growth rates approximating general inflationary growth. This growth rate is more in line with the City's short-term revenue growth rate trends which is necessary to position the City for financial success in the future.

The issue of sustainability also is addressed through a diversification of revenue sources. While property taxes do represent the largest single source of revenue, significant discussion is centered on how to further diversify the City's revenue base and lessen reliance on property taxes. Existing revenue sources are evaluated on an annual basis to ensure the underlying rate is reasonable and justifiable. Examples of revenue sources that are reevaluated annually include: all user fee based revenue sources (i.e. permits, licenses, recreation fees, etc.), impact fees, etc.

The City has historically acknowledged the need to provide a taxation rate commensurate with the government's level of service while ensuring tax relief through efficient and effective management practices. Accordingly, the City levied a millage rate of 5.75 in fiscal year 2009 which represents a reduction of 0.498 mills, or -8% compared to the fiscal year 2008 levy of 6.248 mills. The millage rate reduction for fiscal year 2009, coupled with the City's substantial Homestead Exemption of \$30,000 goes great lengths in keeping Alpharetta not only an affordable place to live, but also strategically positions us relative to neighboring areas. It should be noted that the \$30,000 Homestead Exemption our City offers is equivalent to a 1.0 mill reduction for the average homeowner.

As detailed within the following financial statements, the City maintains a minimum General Fund balance designation equal to 20% of operating expenditures which amounted to \$10,000,000 at year end. Additionally, the City has designated \$550,000 for workers' compensation claims, \$275,000 to match approved grants, \$160,000 for other post-employment benefits, and \$36,359 for miscellaneous approved commitments. Fund Balance in excess of the designations above is further designated to be utilized in subsequent periods for pay-as-you-go capital projects and one-time, non-recurring expenditures. For fiscal year ended June 30, 2009, \$6,634,830 in available fund balance has been designated for use in the 2009/2010 fiscal year budget. The balance remaining as undesignated/unreserved at year end amounts to \$3,606,139. Such amounts will be reviewed by the City Council for consideration as part of the fiscal year 2011 budget. These bal-

ances have come about through prudent fiscal policies and conservative budget practices and will help ensure our long term stability.

Financial planning also involves ensuring that fiscal obligations are not only met but also entail, when appropriate, smoothing the effect to the taxpayer over a period that better matches the benefit. Specifically, the City's general obligation debt was structured with escalating principal and interest requirements through 2012. In an effort to stabilize the effect on our taxpayers, the City has accumulated a debt service fund balance reserve totaling \$8.9 million. With these reserves, it is projected that the City will not need to increase the required debt service millage rate to cover the annual costs of escalating principal and interest payments.

Relevant Financial Policies

Throughout the year, the Finance Department administers the governing council's approved Financial Management Program, which outlines the policy within which the government's finances are maintained. These policies address fund balances; the use of one-time revenues; issuance of debt; purchasing and procurement; cash and investment management; and accounting practices. In totality, these policies formulate the core criteria for which internal evaluations occur. On an annual basis the criteria establishing the Financial Management Program are reviewed in order to maintain relativity to the changing financial needs of the government.

Major Initiatives

During fiscal year 2009, the City began many of the projects identified in the \$26.6 million General Obligation Bonds, Series 2006. The purpose of these bonds consisted of four major projects: Public Safety (\$3,265,000); Parks and Recreation (\$5,030,000); Greenway Space (\$2,075,000); and Roads/Traffic/Transportation Improvements (\$16,268,436). During the year approximately \$2.7 million of these bond proceeds were spent on improvements the public demanded.

Traffic improvement, consisting of the continued networking of traffic signals into the City's transportation control system as well as lane expansion, is a high priority for the City of Alpharetta. The City will continue to construct portions of Westside Parkway, a major thoroughfare named for its location – to the west of Georgia 400. This parkway enables the movement of traffic on a divided 4-lane road from its southern terminus of Mansell Road to its northern terminus at Windward Parkway.

Other major initiatives funded with these proceeds include: sidewalk improvements throughout the City (e.g. Haynes Bridge Road, Mid-Broadwell Road, etc.); improvements to Cogburn Road Park and Webb Bridge Park; improvements to the Greenway Connection, etc.

During 2009, the City also allocated \$7.4 million of General Fund monies toward capital improvements such as Milling and Resurfacing (\$1,200,000), Adaptive Traffic Control (\$900,000), sidewalks for Mayfield Road, Mid-Broadwell Road, Fox Road, Park Bridge Road (\$1,631,000), IT network improvements (\$475,000), city-wide fleet additions/replacements (\$1,200,000), city-wide equipment additions/replacements (\$275,000), etc. These investments illustrate our commitment to ensuring quality of life enhancements to the business and residential community.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (“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, 2008. This program recognizes those governments that go beyond the minimum requirements of generally accepted accounting principles to prepare CAFR’s that represent the spirit of transparency and full disclosure. This was the twentieth consecutive year that the City has received this prestigious award. This award is valid for a period of one year only. We believe that our current CAFR continues to conform to program requirements and we are submitting it to GFOA to determine its eligibility for another award.

The City also received the GFOA *Popular Annual Financial Reporting Award* (“PAFR”) for our annual citizens’ report for the fiscal year ended June 30, 2008. This program recognizes those governments that produce high quality popular annual financial reports specifically designed to be readily accessible

and easily understandable to the general public and other interested parties without a background in public finance. This was the sixth consecutive year that the City has received this prestigious award. This award is valid for a period of one year only. We believe that our current PAFR continues to conform to program requirements and we are submitting it to GFOA to determine its eligibility for another award.

Last but certainly not least, the City also received the GFOA’s *Distinguished Budget Presentation Award* for its annual budget narrative for the fiscal year ended June 30, 2009. This program recognizes those governments that prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA’s recommended practices on budgeting. This was the sixth consecutive year that the City has received this prestigious award. This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements and have submitted it to GFOA to determine its eligibility for another award.

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, governing council, and city administrator for their unfailing support for maintaining the highest standards of professionalism in the management of the City’s finances.

Respectfully submitted,



Thomas G. Harris
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, 2008

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

ELECTED AND APPOINTED OFFICIALS June 30, 2009

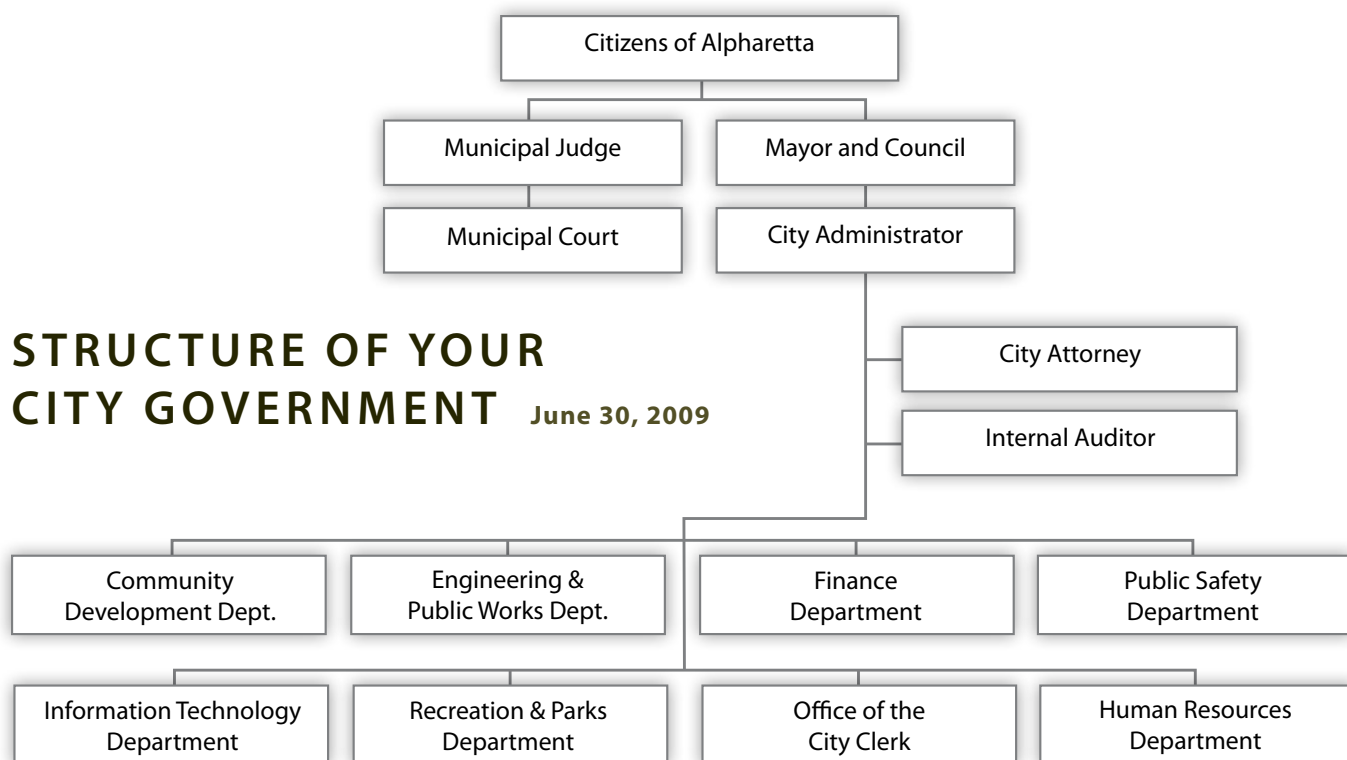
Elected Officials

Mayor Arthur Letchas
 Council Member – Post 1. Doug DeRito
 Council Member – Post 2. Jim Paine
 Council Member – Post 3. John Monson
 Council Member – Post 4. Cheryl Oakes
 Council Member – Post 5. David Belle Isle
 Council Member – Post 6. D. C. Aiken
 Municipal Judge. Jim Matoney

Appointed Officials

City Administrator Robert J. Regus
 City Attorney Sam Thomas
 City Clerk Sue Rainwater
 Finance Director. Thomas G. Harris
 Assistant City Administrator James Drinkard
 Eng. & Public Works Director Pete Sewczwicz
 Information Technology Director. Randy Bundy
 Recreation & Parks Director Mike Perry
 Municipal Court Director Elizabeth Sahlin
 Public Safety Director. Gary George
 Community Development Director Diana Wheeler

STRUCTURE OF YOUR CITY GOVERNMENT June 30, 2009



PUBLIC SAFETY

The Public Safety function focuses on the welfare, health, and safety of our community. The goals of our Public Safety Department include: protecting the public; encouraging participation between officers and citizens; maintaining strong partnerships with our community; maximizing the saving of lives; minimizing the loss of property; and avoiding loss whenever possible through education and prevention measures.



“The foundation of our Public Safety model is direct and frequent interaction between our citizens and professional staff. This enables us to better understand the needs of each unique neighborhood and address potential issues before they become concerns. Our citizens can rest easy knowing that we work hard to prevent emergencies rather than simply responding when they occur.”

Jim Paine
City Council, Post 2
Public Safety and Courts Liaison

The Alpharetta Public Safety Department is built upon a command and administrative structure that provides a coordinated emergency response including police, fire, and emergency-911 services to meet the needs of our community.

From July 1, 2008 through June 30, 2009, the Public Safety Department responded to 74,996 service calls, 133 fire incidents, 1,465 false alarm/good intent calls, and made 3,419 total arrests. In addition to investigating and clearing 517 cases during this period, Public Safety personnel assisted and responded with 73 rescue/recovery incidents, 2,960 EMS incidents, and 50 hazardous material incidents.

As a modern and proactive law enforcement agency, the Public Safety Department is committed to being actively engaged with our community. Throughout the year, the Public Safety Department conducted informative crime prevention, identity theft, child

safety, loss prevention, and various other public safety presentations at 63 Police and Citizens Together (PACT) neighborhood meetings, 12 business watch meetings, and 42 scout/school/other meetings. The National Night Out event at Wills Park joined citizens, law enforcement personnel, civic groups, local businesses, neighborhood associations, and local officials together for a fun and informative cookout to heighten prevention awareness, support anti-crime programs, and strengthen police-community relations. In addition, the Public Safety Department conducted 181 car seat safety inspections and provided 126 fire safety public education events for our community and surrounding area. Through strong partnerships with our community, together, we can ensure the City of Alpharetta remains safe, secure, and an excellent place to live, work, and play for the present and into the future.



COMMAND & CONTROL CENTER (C-3)

The City of Alpharetta opened our new “state-of-the-art” 911 Command and Control Center (the “C-3”) in January 2009. The public safety communications officers of the C-3 are the first link in sending police officers, firefighters, and other personnel to the scene of an emergency. Communication officers have instant access to the city’s traffic monitoring cameras as well as the latest weather satellite imagery and other applications. Every police, fire and emergency medical transport vehicle is tracked by location and time, using AVL (automatic vehicle locator) technology. The communications officer can now send the nearest emergency vehicle, instead of an assigned zone vehicle, reducing response times and further enhancing the safety of our community. In addition, the C-3 has an incident command room that will serve as a centralized command center in the unfortunate event of a significant incident or emergency. For more information, please contact the Public Safety Department at (678) 297-6300, option 1.

CONSERVATION EFFORTS

As part of the City of Alpharetta's on-going commitment to being a proactive, environmentally-sensitive community with a focus on our future, the city offers numerous conservation programs throughout the year including events such as the Bulky Trash Amnesty Day, Document Shredding Day, Electronics Recycling Day, Water Conservation Festival, and participation in Earth Hour, a global campaign to raise environmental awareness. The city is dedicated to environmental sustainability to ensure a healthy future for our citizens, businesses and visitors. For more information on the City of Alpharetta's conservation efforts, please contact our Engineering and Public Works Department, Environmental Education Division, at (678) 297-6200.

Rock Mill Park amenities are designed to focus on the ecological beauty and significance of the wetlands, forests, and riverine system of Big Creek.



PUBLIC WORKS

The Public Works function is committed to providing cost effective engineering, maintenance and design solutions and ensuring the City of Alpharetta's infrastructure is protected, preserved, and improved while enhancing and promoting the quality of life for our community.

The City of Alpharetta's Engineering and Public Works Department is tasked with protecting, preserving and improving our city's infrastructure with a focus on traffic control, streets, stormwater, sidewalks, and conservation.

From July 1, 2008 through June 30, 2009, the Engineering and Public Works Department: repaired 301 potholes in city roadways; maintained 300 traffic signals at local intersections; coordinated 18 conservation events with the assistance of 885 volunteers; mentored 343 students on environmental stewardship; managed 36 capital construction and design projects totaling \$10,506,285 in traffic control, stormwater, sidewalk, community development, and facility improvements throughout our community; and much more. Approximately 85% of the city's capital projects were completed within the original contract amount while 62% were

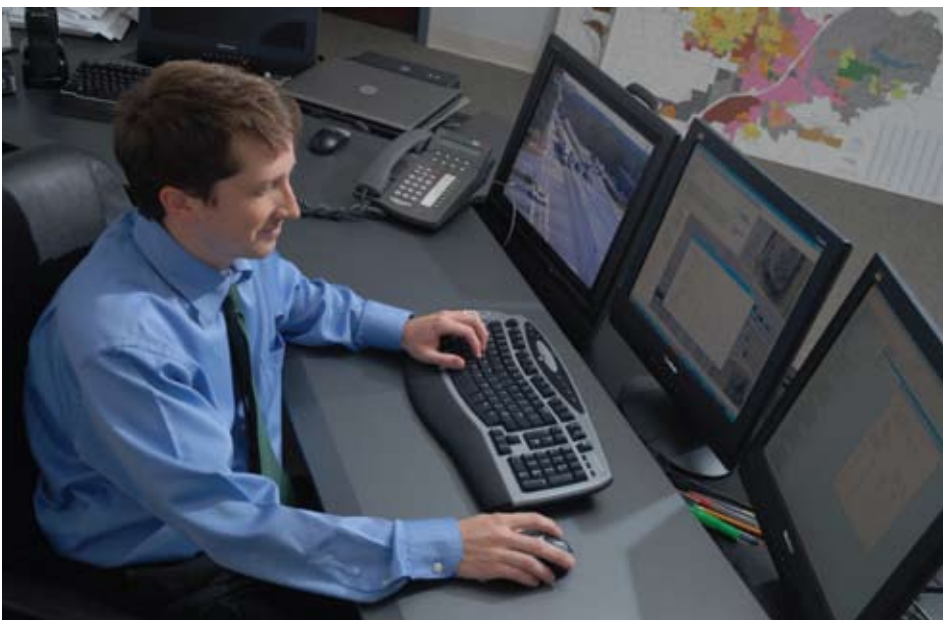
completed within the original contract time-frame. A detailed listing of major capital projects completed during 2009 is included on page 24.

While ensuring quality growth for our community, the Engineering and Public Works Department actively strives to minimize traffic disruptions through continuous process improvements aimed at reducing repair times. Repair time reductions in 2009 (over prior year) included the following: 64% reduction in the average number of days to complete curb and gutter repair; 23% reduction in the average number of days to complete a storm drain repair; and a 9% reduction in average pothole repair time. The Engineering and Public Works Department is committed to the protection, preservation, and improvement of our city's infrastructure and guiding quality growth to ensure a productive and bright future for our community.



"Demands on Alpharetta's streets and other infrastructure do not fluctuate with the economy. In order to meet those demands with fewer resources we have improved the efficiency of our Public Works function. Those efficiencies will remain for years to come; thus providing our citizens with a better return on their tax dollars."

John Monson
City Council, Post 3
Engineering & Public Works Liaison



CULTURE & RECREATION

The Culture and Recreation function provides the highest quality recreational opportunities through the development of active and passive programs and facilities to promote the physical, social, and mental wellness of our community.



“The interests and activities of our citizens are incredibly diverse, and Alpharetta’s recreation and cultural offerings are constantly adapting to the characteristics of the residents we serve. By bringing together citizens of all ages and walks of life, our recreation and parks program builds the sense of community that is the very foundation of the Alpharetta way of life.”

Doug DeRito
City Council, Post 1
Recreation and Park Liaison

As the first municipal recreation department in Georgia to achieve its 10-year accreditation status, the City of Alpharetta’s Recreation and Parks Department is committed to providing outstanding recreational, cultural, and social opportunities to our community and surrounding area.

From July 1, 2008 through June 30, 2009, the Recreation and Parks Department provided recreational services for: 569 participants in cultural arts programs and camps; 6,198 participants in athletic programs; 1,007 participants in swim lessons and swim teams; 4,323 participants in dance, gymnastic and instructional sports; 1,032 participants in summer programs at the Wills Park Recreation Center; 135 equestrian events at the Wills Park Equestrian Center; and much more.

The City is committed to continually improving its recreational opportunities. Webb

Bridge Park benefitted from several projects during 2009 including: completion of a synthetic turf surface on the lower field that will increase field utilization by reducing weather related cancellations, allow for multi-use (soccer, football, lacrosse, etc.), and result in reduced maintenance costs; and completion of Phase III improvements including 3,200 linear feet of walking trails, three pedestrian bridges, new parking lot and restroom facility, etc. In addition to our current facilities and programs, future plans include: expansion of the existing Adult Activity Center, continued expansion of the Greenway, and replacement of an existing playground at North Park as well as an existing picnic shelter at Wills Park. Our outstanding park system, diverse recreational programs, and excellent staff help ensure the City of Alpharetta remains the Signature City of our region.



COMMUNITY GARDEN

Alpharetta Arboretum Inc. (local non-profit), in conjunction with the City of Alpharetta, opened our first community garden at Wills Park during Spring 2009. The garden offers physical, mental, and social opportunities for all residents in addition to fostering a sense of community, conserving resources, preserving greenspace, and reducing family food budgets while providing healthy and nutritious herbs, fruits, and vegetables for our community gardeners. For more information about the Community Garden, please visit www.alpharettaarboretum.org/alpha.arb.inc./Alpharetta_Community_Garden.html





Did You Know?

ALPHARETTA GREEN CITY PROGRAM

The City of Alpharetta is proud to be one of first cities in the 10-county Atlanta area to be certified "Green" under the Atlanta Regional Commission's Green Communities Program, demonstrating the city's ongoing commitment to reducing our environmental impact on the community and surrounding area as well as promoting environmental sustainability for future generations. A variety of measures are incorporated in the Alpharetta Green City Program, including LEED (Leadership in Energy & Environmental Design) or EnergyStar certification for all new local government buildings, community incentives for green building and WaterSense homes, a green fleet policy including a no-idling policy for government vehicles (excludes public safety), green purchasing policies and much more. For more information about the Alpharetta Green City Program, please contact our Community Development Department at (678) 297-6070.



COMMUNITY DEVELOPMENT

The Community Development function guides the growth and development of the City of Alpharetta to enhance the quality of life of our community while recognizing the city's historic and natural features.

The City of Alpharetta's Community Development Department is committed to safeguarding natural resources, guiding growth, and overseeing economic development efforts.

Despite the economic recession and its impact on real estate/development activity, from July 1, 2008 through June 30, 2009, the Community Development Department issued 3,478 building permits, processed 112 public hearings, managed 2 community image enhancement projects, conducted 13,505 building inspections, and completed 2,707 code enforcement inspections.

In an effort to assess future transportation needs, the city has been working on a Growth Impact Plan. This plan ties land use to transportation and forecasts anticipated development in order to determine how growth will affect the city's current roadway system. The goal of this effort is to maintain acceptable

levels of service throughout the city's roadway system and build in necessary improvements concurrent with development.

An additional initiative currently underway is the Senior Livability Project. With the help of a grant from the Atlanta Regional Commission, Alpharetta is studying ways to make housing in the city more senior-friendly. A committee headed by the Community Development Department is identifying code changes and design changes that will accommodate the needs of seniors for both home renovation projects and new home construction. The goal of this effort is to give our seniors the option of aging in place or living comfortably with family while still calling Alpharetta home. This is just one of the many ways the Community Development Department is dedicated to facilitating a livable and sustainable future for the City of Alpharetta.



"It is important that we work together as a community today to define what we want the Alpharetta of tomorrow to be and to put plans and regulations in place that will help make that vision a reality. When the economy turns we will be ready to shape the development activity that follows."

*David Belle Isle
City Council, Post 5
Community Development Liaison*



GENERAL GOVERNMENT

The General Government function involves the activities which support our local government, including: Administration, City Clerk, Finance, Grant Administration, Human Resources, Internal Audit, Municipal Court, Special Events, and Information Technology.

The public safety, public works, culture and recreation, and community development functions are the most recognizable city services as they have a direct impact on our community. However, the success of these services is reliant upon the dedication and innovation of numerous internal departments/divisions. These internal departments/divisions form the general government function of our city.

“While the City of Alpharetta is frequently cited as a model for quality in local government, we are constantly seeking better, more efficient means of serving our citizens. Looking forward we will be taking a number of steps to improve the transparency of our operations; providing citizens and taxpayers with better information and insight into how tax dollars are being spent and the performance of our departments with respect to key metrics and goals.”

Cheryl Oakes
City Council, Post 4
Human Resources and
Information Technology Liaison

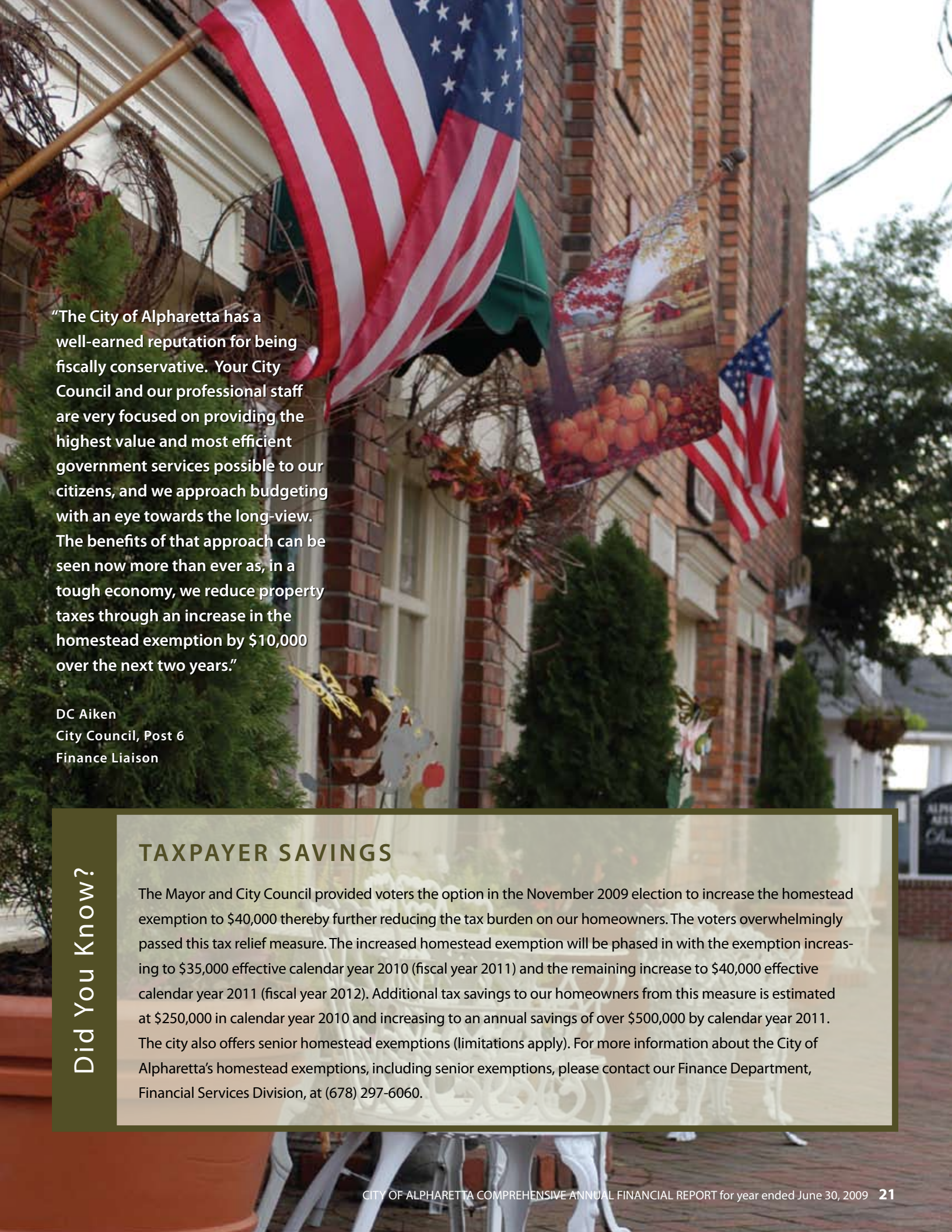
From July 1, 2008 through June 30, 2009, general government performance highlights included:

- **7 Grant Applications Approved for Funding**, resulting in total grant funding of \$510,130 to support city initiatives such as bulletproof vests for public safety officers, technology equipment for the Public Safety Command and Control Center, fire safety house to aid in safety training and education, etc.
- **93 Special Events Offered**, representing a 39% increase over the prior fiscal year. The city offers a variety of special events throughout the year aimed at enhancing our community's quality of life. For upcoming events, please refer to the Calendar of Events (pages 17-18) or visit the city website at www.alpharetta.ga.us
- **4.8 Million City Website Visits**, representing a 3% increase over the prior fiscal year. The city website is a great source of information on city meetings, special events, recreational offerings, etc.

- **30 Open Record Requests Completed**. As an open and transparent local government, the city welcomes public comment and inquiry and is committed to making public records accessible to our community.
- **Over 20,000 Online Payments Accepted**, totaling in excess of \$2.9 million. The city website offers our customers the convenience of online bill-payment for many services including property taxes, business license renewals, sanitation fees, traffic citations, etc.
- **40 Formal Solicitations Issued**, including requests for bids, proposals, qualifications, etc. Formal solicitations ensure a competitive price and the best use of our city's tax dollars.

The support of our internal departments is the foundation upon which the City of Alpharetta provides the outstanding services to our community that distinguishes us as the Signature City of the region and a great place to live, work, play, and retire now and into the future.





"The City of Alpharetta has a well-earned reputation for being fiscally conservative. Your City Council and our professional staff are very focused on providing the highest value and most efficient government services possible to our citizens, and we approach budgeting with an eye towards the long-view. The benefits of that approach can be seen now more than ever as, in a tough economy, we reduce property taxes through an increase in the homestead exemption by \$10,000 over the next two years."

DC Aiken
City Council, Post 6
Finance Liaison

Did You Know?

TAXPAYER SAVINGS

The Mayor and City Council provided voters the option in the November 2009 election to increase the homestead exemption to \$40,000 thereby further reducing the tax burden on our homeowners. The voters overwhelmingly passed this tax relief measure. The increased homestead exemption will be phased in with the exemption increasing to \$35,000 effective calendar year 2010 (fiscal year 2011) and the remaining increase to \$40,000 effective calendar year 2011 (fiscal year 2012). Additional tax savings to our homeowners from this measure is estimated at \$250,000 in calendar year 2010 and increasing to an annual savings of over \$500,000 by calendar year 2011. The city also offers senior homestead exemptions (limitations apply). For more information about the City of Alpharetta's homestead exemptions, including senior exemptions, please contact our Finance Department, Financial Services Division, at (678) 297-6060.

CITY MEETINGS

Planning Commission

First Thursday of the month, 7:30 P.M.

City Hall, 678-297-6070

Board of Zoning Appeals

Third Thursday of the month, 5:30 P.M.

City Hall, 678-297-6070

Design Review Board

Third Friday of the month, 8:30 A.M.

City Hall, 678-297-6070

City Council Business Meetings

First & third Mondays of the month, 7:30 P.M.

City Hall, 678-297-6000

Code Enforcement Board

Fourth Thursday of the month, 3:30 P.M.

City Hall, 678-297-6080

Public Hearings

Fourth Monday of the month, 7:30 P.M.

City Hall, 678-297-6000

Recreation Commission

Fourth Thursday of the month, 7:30 P.M.

City Hall, 678-297-6100

Exception: Second Thursday of the month during Nov. and Dec.

Tree Commission

Third Tuesday of the month, 7:00 P.M.

City Hall, 678-297-6200

For more information about what is happening in your local government, the public and all residents are invited to attend any of our city meetings as listed above. All meetings are subject to change. Please call ahead to confirm the meeting time and place.

City Hall is located at Two South Main Street, Alpharetta, GA 30009.



2010 CITY OF ALPHARETTA CALENDAR OF EVENTS

All events are subject to change. Please confirm the event at the appropriate phone number. Events are open to the public; residents are encouraged to attend. For more information and events, please visit www.alpharetta.ga.us.

JAN	1	City Holiday		
	18	City Holiday		
	19	Golden Age Club lunch	Alpharetta Adult Activity Center	678-297-6142
FEB	3	Spring/Summer Program Registration - City Residents	Mutiple	678-297-6100
	12	Father/Daughter Dance	Alpharetta Community Center	678-297-6154
	12	Be My Valentine Drop-In Craft	Crabapple Government Center	678-297-6165
	16	Golden Age Club lunch	Alpharetta Adult Activity Center	678-297-6142
	17	Spring/Summer Open Registration	Multiple	678-297-6100
MAR	6*	Webb Bridge Park Baseball Opening Day	Webb Bridge Park	678-297-6167
	13	Wills Park Summer Day Camp Registration - City Residents	Wills Park Recreation Center	678-297-6133
	16	Golden Age Club lunch	Alpharetta Adult Activity Center	678-297-6142
	27	Wills Park Summer Day Camp Registration	Wills Park Recreation Center	678-297-6133
	27	Alpharetta Children's Festival	Alpharetta Community Center Event Lawn	678-297-6165
	28	Children's Easter Egg Hunt	North Park Softball Fields 1-4	678-297-6142
APR	1	Decorate an Easter Egg	Crabapple Government Center	678-297-6165
	2	City Holiday		
	20	Golden Age Club lunch	Alpharetta Adult Activity Center	678-297-6142
	24	Annual Touch A Truck	North Park Football Field Parking Lot	678-297-6133
	24	Alpharetta Sharks Open House	City Pool	678-297-6153
	24-25	Alpharetta Arts StreetFest	Historic Downtown: Milton Ave	678-297-6078
MAY	8	Mother/Daughter/Granddaughter Luncheon	Adult Activity Center	678-297-6142
	13	20th Annual Taste of Alpharetta	Old Milton Pkwy @ Wills Park	678-297-6078
	15	Mayors Challenge Road Race	Wills Park Pool	678-297-6078
	15	Dance Recital	TBD	678-297-6154
	15-16	Alpharetta Ambush Soccer Tournament	Webb Bridge Park	678-297-6163
	18	Golden Age Club Lunch	Alpharetta Adult Activity Center	678-297-6142
	19	Alpharetta Sharks Mock Swim Meet	City Pool	678-297-6153
	25-29	Alpharetta Ambush Soccer Tryouts and Signing Day	Webb Bridge Park	678-297-6163
	31	City Holiday		
JUN	1	Summer Day Camps Begin	Various	Various
	5	Community Yard Sale	Adult Activity Center	678-297-6142
	7	Art Camps begin	Various	Various
	12	Sun and Fun Pool Party	City Pool	678-297-6153
	13	Alpharetta City Band Concert	Adult Activity Center	678-297-6142
	15	Golden Age Club Lunch	Adult Activity Center	678-297-6143

* At the printing of this publication, these dates or events are tentative. Please call to confirm.

continued on next page

2010 CITY OF ALPHARETTA CALENDAR OF EVENTS

All events are subject to change. Please confirm the event at the appropriate phone number. Events are open to the public; residents are encouraged to attend. For more information and events, please visit www.alpharetta.ga.us.

continued from previous page

JUL	4	July 4th Celebration	Wills Park	678-297-6142
	5	City Holiday		
	5-9	Summer Camp Skip Dates - Summer Camps will not be offered this week		
	16	Friday Night Dive-In	City Pool	678-297-6153
	20	Golden Age Club Lunch	Alpharetta Adult Activity Center	678-297-6142
	24	9th Annual Youth Fishing Derby	Brookside Office Park	678-297-6133
	28	Fall/Winter Program Registration - City Residents Only	Multiple	678-297-6100
AUG	7	31st Annual Old Soldiers Day Race	Wills Park: 6am on-site registration; 7am start	678-297-6153
	7	Old Soldier's Day Band, Program, and Parade	City Hall	678-297-6078
	11	Fall/Winter Program Open Registration	Multiple	678-297-6100
	17	Golden Age Club lunch	Alpharetta Adult Activity Center	678-297-6142
SEP	6	City Holiday		
	6	Pool Closes		
	11-12*	IronKids Triathlon	Wills Park	678-297-6078
	21	Golden Age Club Lunch	Alpharetta Adult Activity Center	678-297-6142
	TBD	Old Milton Country Fair	Milton Center	678-297-6078
OCT	2	Scarecrow Harvest	Historic Downtown: Old Roswell St	678-297-6078
	19	Golden Age Club Lunch	Alpharetta Adult Activity Center	678-297-6142
	28*	Decorate A Pumpkin	Alpharetta Community Center	678-297-6154
	30*	Halloween Hayrides & Haunts	Wills Park	678-297-6133
	TBD	Craft Fair	Alpharetta Adult Activity Center	678-297-6142
NOV	2	Election Day	Various City Facilities	678-297-6000
	16	Golden Age Club lunch	Alpharetta Adult Activity Center	678-297-6142
	25-26	City Holiday		
DEC	5	33rd Annual Christmas Tree Lighting	Historic Downtown: Milton Ave	678-297-6078
	6-7	Santa's Calling*	North Pole	678-297-6133
	8*	Cookies with Clauses	Alpharetta Community Center	678-297-6154
	11*	Brunch with Santa	Adult Activity Center	678-297-6142
	12*	Alpharetta City Band Concert	Adult Activity Center	678-297-6142
	18	Pet Photos with Santa Claws	Wills Park	678-297-6133
	21	Golden Age Club Lunch	Alpharetta Adult Activity Center	678-297-6142
	24	City Holiday		
	30	City Holiday: 1/2 day - close at 12 pm		
	31	City Holiday		
	TBD	Holiday Parent/Child Art Workshop	Crabapple Government Center	678-297-6165

* At the printing of this publication, these dates or events are tentative. Please call to confirm.

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

**Honorable Mayor and Members
Of the 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, 2009, which collectively comprise the City of Alpharetta, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Alpharetta, Georgia'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 respective 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, 2009, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2009, on our consideration of the City of Alpharetta, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 29 through 37 and the schedules of funding progress and employer contributions, and budgetary comparison information on pages 71 through 74 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. 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 opinions on the financial statements that collectively comprise the City of Alpharetta, Georgia's basic financial statements. The combining and individual fund financial statements and schedules, introductory and statistical sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections 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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 6, 2009

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 for the fiscal year ended June 30, 2009. 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 in the beginning 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 \$220,104,747 (*total net assets*). Of this amount \$26,004,424 (*unrestricted net assets*) may be used to meet the ongoing obligations of the government.
- The City's total net assets increased by \$6,719,055.
- As of the close of the current fiscal year, the City of Alpharetta's governmental funds reported combined ending fund balances of \$52,401,590, a decrease of \$2,196,624 from the prior year. The General Fund's unreserved, undesignated fund balance at year end is \$3,606,139 or 6.9% of the governmental funds' combined ending fund balance, which is available for spending at the City's discretion.
- At the end of the current fiscal year, the unreserved fund balance designated for operations in the general fund was \$17,656,189. Of the amount, \$7,459,830 was designated for use in the fiscal year 2009 annual budget for one-time type expenditures. Additionally, \$160,000 was designated for the payment of future OPEB costs and \$36,359 was designated for one time projects. The remaining balance of \$10,000,000 (representing 20% of operating expenditures of the 2010 budget) has been set aside for fiscal emergencies.
- The City's total governmental activities debt (including notes) decreased by \$7,386,150 during the current fiscal year due to regularly scheduled principal payments being made.

Overview of the Financial Statements

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

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).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, community development, and culture and recreation. Business-type activities include a solid waste collection operation.

The government-wide financial statements contain not only the City (known as the primary government), but also a legally separate authority for which the City is financially accountable. Financial information on this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 39 and 40 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.

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 eleven 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 bal-

ances for the general, debt service, capital project, E911, and bond IV (2006 general obligation bond issue) funds, all of which are considered to be major funds. Data from the other six 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 basic governmental fund financial statements can be found on pages 41 through 43 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 an enterprise fund to account for its solid waste collection operation. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the various functions of a government. Since the City does not currently use internal service funds, budgetary appropriations and expenditures are maintained within the function of each fund where these services would otherwise be performed.

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 solid waste activities, a major fund of the City.

The basic proprietary fund financial statements can be found on pages 44 through 46 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 these 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 Fiduciary Fund financial statements provide separate information for the pension trust activities.

The basic fiduciary fund financial statements can be found on pages 47 and 48 of this report.

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 49 through 69 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 of Alpharetta's progress in funding its obligation to provide pension and other post-employment benefits to its employees. In addition, budgetary comparison schedules for the general and E911 funds are presented on a generally accepted accounting principle

basis in this section. These schedules are intended to demonstrate the government's compliance with the legally adopted and amended budgets. Required supplementary information can be found on pages 71 through 74 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 76 through 84 of this report.

Government-wide Financial Analysis

Following is a summary of the City's net assets as found on page 39 of this report.

CITY OF ALPHARETTA'S NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$57,928,358	\$62,049,543	\$1,862,548	\$1,724,336	\$59,790,906	\$63,773,879
Capital assets	212,512,565	209,791,604	–	–	212,512,565	209,791,604
Total assets	270,440,923	271,841,147	1,862,548	1,724,336	272,303,471	273,565,483
Current liabilities	3,848,176	4,587,242	878,666	879,770	4,726,842	5,467,012
Non-current liabilities outstanding	47,470,404	54,712,096	1,478	683	47,471,882	54,712,779
Total liabilities	51,318,580	59,299,338	880,144	880,453	52,198,724	60,179,791
Net assets:						
Invested in capital assets, net of related debt	175,867,666	168,166,152	–	–	175,867,666	168,166,152
Restricted	18,232,657	18,140,239	–	–	18,232,657	18,140,239
Unrestricted	25,022,020	26,235,418	982,404	843,883	26,004,424	27,079,301
Total net assets	\$219,122,343	\$212,541,809	\$982,404	\$843,883	\$220,104,747	\$213,385,692

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 \$220,104,747 at the close of the most recent fiscal year. The largest portion of the City's net assets (79.9%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that is still outstand-

ing. 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.

An additional portion of the City's net assets (8.3%) represents resources that are subject to external restrictions on how they may be used. At the close of fiscal year 2009 the City's *restricted net assets* were \$18,232,657, representing \$9,357,420 obligated for capital projects and \$8,875,237 restricted for the repayment of general obligation bond debt.

The remaining balance in *unrestricted net assets* of \$26,004,424 (11.8%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City 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.

CITY OF ALPHARETTA'S CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
<i>Program revenues:</i>						
Charges for services	\$10,811,551	\$11,814,793	\$2,633,974	\$2,643,367	\$13,445,525	\$14,458,160
Operating grants and contributions	689,900	863,642	—	—	689,900	863,642
Capital grants and contributions	3,962,277	7,618,277	—	—	3,962,277	7,618,277
<i>General revenues:</i>						
Property taxes	26,400,456	25,223,033	—	—	26,400,456	25,223,033
Local option sales tax	10,696,787	11,263,805	—	—	10,696,787	11,263,805
Other taxes	13,849,941	14,033,302	—	—	13,849,941	14,033,302
Unrestricted investment earnings	1,333,572	2,363,020	30,191	59,190	1,363,763	2,422,210
Total revenues	67,744,484	73,179,872	2,664,165	2,702,557	70,408,649	75,882,429
Expenses						
General government	13,555,184	12,534,856	—	—	13,555,184	12,534,856
Public safety	25,257,385	22,676,999	—	—	25,257,385	22,676,999
Public works	8,851,486	10,119,284	—	—	8,851,486	10,119,284
Community development	3,864,513	4,121,134	—	—	3,864,513	4,121,134
Culture and recreation	7,235,369	7,107,174	—	—	7,235,369	7,107,174
Interest on long-term debt	2,400,013	2,736,354	—	—	2,400,013	2,736,354
Solid waste	—	—	2,525,644	2,489,734	2,525,644	2,489,734
Total expenses	61,163,950	59,295,801	2,525,644	2,489,734	63,689,594	61,785,535
 Increase in net assets before transfers	 6,580,534	 13,884,071	 138,521	 212,823	 6,719,055	 14,096,894
Transfers	—	(605)	—	605	—	—
Increase in net assets	6,580,534	13,883,466	138,521	213,428	6,719,055	14,096,894
 Net assets – Beginning, restated	 212,541,809	 198,658,343	 843,883	 630,455	 213,385,692	 199,288,798
Net assets - Ending	\$219,122,343	\$212,541,809	\$982,404	\$843,883	\$220,104,747	\$213,385,692

Governmental activities. Governmental activities increased the City's net assets by \$6,580,534 (compared to an increase of \$13,883,466 in the prior year) accounting for nearly all of the total growth in the net assets of the City (business-type activities also had an increase in net assets of \$138,521 as noted earlier). Key elements of this increase are as follows:

- Property taxes increased by \$1,177,423 primarily due to growth.
- Sales taxes decreased by \$567,018 due to a decline in the local economy as can be seen across other local jurisdictions.
- Charges for services decreased by \$1,003,242 due to the decline in the local economy.
- Total revenues declined \$5,435,388 from the prior year, and expenses of the governmental activities increased by \$1,868,149.

Business-type activities. Business-type activities increased the City of Alpharetta's net assets by \$138,521, as stated earlier.

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 fiscal year 2009, the City reported governmental funds combined ending fund balance of \$52,401,590, a decrease of \$2,196,624 from the prior year. The largest component of this amount \$40,714,752 constitutes *unreserved fund balance* with \$15,293,773 attributable to capital project funds. The remaining portion represents *reserved fund balance* and comprises \$11,686,838, indicating that it is not available for new spending. This amount has already been committed to: 1) capital contracts which have been approved, but not yet expended, \$710,516, 2) future debt expenditures \$8,875,237, or 3) a variety of other restricted purposes \$2,101,085.

General fund. The general fund is the chief operating fund of the City. At the end of the current fiscal year, *unreserved fund balance* of the general fund was \$21,262,328, 1) \$7,656,189 was designated for the subsequent year's expenditures (included in the 2010 budget), 2) \$10,000,000 was designated for emergencies (20% of operating expenditures of the 2010 budget) in accordance with policy, and 3) \$3,606,139 was available for new one-time type future projects. As a measure of the liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. *Unreserved fund balance* represents 47.0% of total general fund expenditures, while total fund balance represents 47.1% of that same amount.

The fund balance of the City's general fund decreased during fiscal year 2009 by \$1,587,726. Revenues exceeded expenditures by \$3.4 million, however, net transfers out were approximately \$5.0 million. Council approved the utilization of prior year *unreserved fund balance* for capital projects (\$6.2 million). Other significant variances are explained below:

- A decrease in total revenues of \$1,350,677 from the prior year. This decrease was primarily due to a decrease in sales tax revenue of \$567,018, a decrease in license and permit revenues of \$871,673, and a decrease in interest income of \$469,009.
- Expenditures came in well under budget, at \$45,230,334 with \$4,893,706 of the budgetary appropriation unspent.

E911 Fund. The E911 Fund is used to account for funds received from wireless and landline phone companies and the expenditure of those funds for the operation and maintenance of emergency call answering centers. Total revenues increased by \$457,292 due to new intergovernmental revenues, while total expenditures increased by \$588,276 due to increased costs of operations. An increase in fund balance of \$190,415 brings the fund balance at the end of the year to \$2,470,588.

Capital Project Fund. Annually, City Council approves a capital program as part of the budget process. Funding for these projects comes primarily from available fund balance of the general fund. The Capital Project Fund accounts for these activities. During the year \$6,213,887 was transferred to this fund from the general fund, while expenditures amounted to \$5,442,919. The above, together with additional revenues of \$1,139,847, resulted in an increase in fund balance of \$1,910,815 yielding a fund balance at year end of \$9,397,085.

Bond IV Fund. In June 2006, the City issued \$26.3 million General Obligation Bonds for the purpose of acquiring and constructing major capital facilities. The Bond IV Fund was established to record these acquisitions. Revenues during the year amounted to interest earnings of \$438,125. Expenditures primarily were for capital outlay of \$2,704,294. A decrease in fund balance of \$2,266,169 brings the fund balance at the end of the year to \$7,951,073.

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 \$8,875,237 all of which is reserved for the payment of debt. The impact fee special revenue fund provided \$219,000 in inter-fund transfers to the debt service fund.

Proprietary funds. The City'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 fund at the end of the year amounted to \$982,404. The total change in net assets for the solid waste funds was \$138,521. Operating revenues decreased \$9,393 over the prior year. Total expenses increased about \$35,910.

General Fund Budgetary Highlights

The City employs an annual mid-year budget process in order to re-align appropriations made during the annual budget process with significant unexpected trends. This process ensures adjustments facilitating appropriations are aligned with expected resources. Additionally, the ordinance adopting the City's budget allows the Finance Director to amend the budget to: (1) reflect grant appropriations and expenditures upon receipt of an executed grant award document and/or intergovernmental agreement; and (2) reflect donation/contribution revenues and expenditures upon receipt of donation/contribution. Differences between the original budget and final amended budget are summarized as follows:

During the year, there was a \$33,610 increase in appropriations between the original and final amended budget that reflects appropriations for donations and the related expenditures (e.g. K-9 unit donation; Camp Happy Hearts donation; etc.).

Although, actual property tax revenues exceeded final budget property tax revenues by \$1,290,980 and actual franchise tax revenues exceeded final budget franchise tax revenues by \$664,746 due to conservative budget estimates, other actual revenues such as licenses and permits were \$628,121 less than final budget, charges for services were \$484,754 less than final budget, and investment earnings were \$429,618 less than final budget due to worse than expected economic conditions. The net result of all the revenue variances was that actual total revenues exceeded final budget total revenues by \$348,556.

Total actual expenditures were \$4,377,372 less than final budget total expenditures due to conservative budget estimates and a concerted effort by departments to minimize expenditures as a precautionary measure due to deteriorating economic conditions. Among departments with larger favorable variances in expenditures were Public Safety which expended \$1,183,652 less than final budget and Engineering and Public Works which expended \$642,298 less than final budget.

Capital Asset and Debt Administration

Capital assets. The City of Alpharetta's investment in capital assets for its governmental activities as of June 30, 2009, amounts to \$212,512,565 (net of accumulated depreciation). This investment in capital assets includes land and permanent improvements, buildings, improvements other than buildings, machinery and equipment, and infrastructure (park facilities, roads, highways, and bridges). Larger additions to Capital Assets include:

- Westside Parkway right of way acquisition (\$982,669).
- Hembree and Maxwell Road Improvements (\$1,090,036).
- The completion of the following capital projects: Westside Parkway Phase 3, Section 2 (\$6,626,180), Webb Bridge Park Phase 3 (\$2,037,417) and Mansell TEA Sidewalks (\$781,827).

CITY OF ALPHARETTA'S CAPITAL ASSETS

Net of Depreciation

	Governmental Activities	
	2009	2008
Land and permanent improvements	\$60,584,794	\$52,393,294
Buildings	24,467,032	24,859,360
Improvement other than buildings	12,093,898	10,873,534
Machinery and equipment	7,810,147	7,073,342
Infrastructure	105,051,785	103,227,448
Construction in progress	2,504,909	11,364,626
Total	\$212,512,565	\$209,791,604

Additional information on the City of Alpharetta's capital assets can be found in note IV.C on pages 58 and 59 of this report.

Long-term debt. At the end of the fiscal year 2009, the City's total outstanding debt was \$43,021,850. Of this amount, \$42,050,000 represented general obligation

bonds, and outstanding notes of \$971,850. This entire amount comprises debt backed by the full faith and credit of the government.

CITY OF ALPHARETTA'S OUTSTANDING DEBT

General Obligation Bonds and Notes

	Governmental Activities	
	2009	2008
General obligation bonds	\$42,050,000	\$49,220,000
Notes payable	971,850	1,188,000
Total	\$43,021,850	\$50,408,000

The City's total debt decreased by \$7,386,150 (14.7%) during the 2009 fiscal year (includes bond debt and notes). The decrease is as a result of scheduled principal payments.

The City currently has an uninsured "AAA" rating from Standard & Poor's and a "Aaa" rating from Moody's for its general obligation debt. Keys to such elite ratings are a result of strong and proactive administration; effective debt management policies with moderate to low debt ratios; a vibrant and diverse economy; and a strong track record of managing the financial positions supported by

sufficient reserves and established policies that guide management practices.

State statutes limit the amount of general obligation debt a governmental entity may issue to ten percent of its total assessed valuation, less current debt issued. The City's outstanding obligation debt is significantly less than the legal debt limitation of \$482,476,764.

Additional information on the City's long-term debt can be found in note IV.E on pages 61 through 63 of this report.

Economic Factors and Next Year's Budgets and Rates

All of the factors below were considered in preparing the City's budget for the 2010 fiscal year.

- Sustainability of existing services – the City has deployed a philosophy of budgetary evaluation, focusing on long term goals of the organization. This philosophy is solidified during the budget process, with a multi-year financial outlook that provides the conduit to evaluate government priorities, realign and diversify revenue structures, and provide the data for decision making for continued financial success.
- The government has maintained its property tax millage rate at 5.750 mills. It should be noted that this millage rate will result in an overall tax decrease as the tax base is reduced through appeals.
- Increasing debt service payments – the government's existing debt structure is such that payments increase each fiscal year. As a result, the City initiated a program to establish reserves within the debt service fund which will assist in eliminating the spikes associated with the future debt payments.
- The City began a commitment to fund recurring capital projects from the operating budget as opposed to funding available fund balance. As such, the 2010 budget appropriated \$900,000 to milling and resurfacing of roads.

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 deemed appropriate by City Council.

Requests for Information

This financial report is designed to provide a general overview of the City of Alpharetta's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Finance Department
City of Alpharetta
2970 Webb Bridge Road
Alpharetta, GA 30009
or by calling 678-297-6060.

City of Alpharetta
STATEMENT OF NET ASSETS

June 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Development Authority
Assets				
Cash and cash equivalents	\$4,031,248	\$129,919	\$4,161,167	\$91,898
Investments	39,931,914	1,644,365	41,576,279	–
Receivables, net of allowance for uncollectibles	4,090,998	86,208	4,177,206	74,437
Direct financing lease receivable	–	–	–	5,890,000
Prepaid expenses	34,468	–	34,468	–
Restricted assets:				
Investments	8,044,972	–	8,044,972	–
Receivables	582,283	–	582,283	–
Deferred charges	285,599	–	285,599	177,736
Other non-current asset	926,876	2,056	928,932	–
Capital assets, non-depreciable	63,089,703	–	63,089,703	–
Capital assets, depreciable, net of accumulated depreciation	149,422,862	–	149,422,862	–
Total assets	270,440,923	1,862,548	272,303,471	6,234,071
Liabilities				
Accounts payable and other current liabilities	3,548,601	219,158	3,767,759	35,340
Unearned revenue	–	659,508	659,508	–
Interest payable	299,575	–	299,575	39,097
Bonds payable, due within one year	7,780,000	–	7,780,000	270,000
Bonds payable, due in more than one year	34,092,460	–	34,092,460	6,266,141
Capital lease payable, due within one year	285,329	–	285,329	–
Capital lease payable, due in more than one year	1,560,232	–	1,560,232	–
Notes payable, due within one year	44,550	–	44,550	–
Notes payable, due in more than one year	927,300	–	927,300	–
Net OPEB obligation	56,480	–	56,480	–
Other noncurrent liabilities, due within one year	1,926,141	1,478	1,927,619	–
Other noncurrent liabilities, due in more than one year	797,912	–	797,912	–
Total liabilities	51,318,580	880,144	52,198,724	6,610,578
Net Assets				
Invested in capital assets, net of related debt	175,867,666	–	175,867,666	–
Restricted for:				
Debt service	8,875,237	–	8,875,237	–
Capital projects	9,357,420	–	9,357,420	–
Unrestricted	25,022,020	982,404	26,004,424	(376,507)
Total net assets	\$219,122,343	\$982,404	\$220,104,747	\$(376,507)

The accompanying notes are an integral part of these financial statements.

City of Alpharetta
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2009

					Net (Expense) Revenue and Changes in Net Assets			
Functions/Programs	Expenses	Program Revenues			Primary Government			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Development Authority
Primary government:								
Governmental activities:								
General government	\$13,555,184	\$4,461,205	\$41,836	–	\$ (9,052,143)	–	\$ (9,052,143)	–
Public safety	25,257,385	3,208,110	626,755	259,997	(21,162,523)	–	(21,162,523)	–
Public works	8,851,486	27,799	16,101	3,702,280	(5,105,306)	–	(5,105,306)	–
Community development	3,864,513	1,145,558	–	–	(2,718,955)	–	(2,718,955)	–
Culture and recreation	7,235,369	1,968,879	5,208	–	(5,261,282)	–	(5,261,282)	–
Interest on long-term debt	2,400,013	–	–	–	(2,400,013)	–	(2,400,013)	–
Total governmental activities	61,163,950	10,811,551	689,900	3,962,277	(45,700,222)	–	(45,700,222)	–
Business-type activities:								
Solid waste	2,525,644	2,633,974	–	–	–	108,330	108,330	–
Total business-type activities	2,525,644	2,633,974	–	–	–	108,330	108,330	–
Total primary government	\$63,689,594	\$13,445,525	\$689,900	\$3,962,277	\$ (45,700,222)	\$108,330	\$ (45,591,892)	–
Component unit:								
Development Authority	\$1,089,083	\$317,452	–	–	–	–	–	(771,631)
Total component unit	\$1,089,083	\$317,452	–	–	–	–	–	(771,631)

General revenues:				
Property taxes		26,400,456	–	26,400,456
Sales taxes		10,696,787	–	10,696,787
Franchise taxes		5,838,582	–	5,838,582
Hotel/Motel occupancy tax		3,062,307	–	3,062,307
Business taxes		3,155,734	–	3,155,734
Other taxes		1,793,318	–	1,793,318
Unrestricted investment earnings		1,333,572	30,191	1,363,763
Total general revenues		52,280,756	30,191	52,310,947
Change in net assets		6,580,534	138,521	6,719,055
Net assets, beginning of year, restated		212,541,809	843,883	213,385,692
Net assets, end of year		\$219,122,343	\$982,404	\$220,104,747

The accompanying notes are an integral part of these financial statements.

City of Alpharetta
BALANCE SHEET
Governmental Funds

June 30, 2009

	Major Governmental Funds					Nonmajor Governmental Funds	Total Governmental Funds
	General	E911	Debt Service	Capital Project	Bond IV		
Assets							
Cash and cash equivalents	\$1,819,088	\$199,299	\$642,958	\$686,849	\$4,379	\$678,675	\$4,031,248
Investments	19,209,325	2,523,986	8,137,841	8,719,172	–	1,341,590	39,931,914
Taxes receivable, net	2,751,721	–	197,318	–	–	227,176	3,176,215
Accounts receivable	110,719	242,452	–	528,538	32,602	472	914,783
Due from other funds	90,870	1,476	–	–	–	–	92,346
Prepaid expenditures	33,154	1,314	–	–	–	–	34,468
Restricted assets:							
Investments	–	–	–	–	8,044,972	–	8,044,972
Intergovernmental receivable	–	–	–	–	–	582,283	582,283
Total assets	\$24,014,877	\$2,968,527	\$8,978,117	\$9,934,559	\$8,081,953	\$2,830,196	\$56,808,229
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$1,099,176	\$448,109	\$27,000	\$467,987	\$103,947	\$171,859	\$2,318,078
Retainage payable	–	–	–	69,487	26,933	680	97,100
Accrued salaries	1,083,593	49,830	–	–	–	–	1,133,423
Due to other funds	1,476	–	–	–	–	90,870	92,346
Deferred revenue	535,150	–	75,880	–	–	154,662	765,692
Total liabilities	2,719,395	497,939	102,880	537,474	130,880	418,071	4,406,639
Fund balances:							
Reserved for:							
Prepaid expenditures	33,154	1,314	–	–	–	–	34,468
Encumbrances	–	–	–	1,820,989	233,396	12,232	2,066,617
Debt service	–	–	8,875,237	–	–	–	8,875,237
Capital projects	–	–	–	–	–	710,516	710,516
Unreserved:							
Reported in, designated for:							
General fund, operations	17,656,189	–	–	–	–	–	17,656,189
Special revenue funds, operations	–	2,469,274	–	–	–	618,569	3,087,843
Undesignated, reported in:							
General fund	3,606,139	–	–	–	–	–	3,606,139
Capital project funds	–	–	–	7,576,096	7,717,677	1,070,808	16,364,581
Total fund balances	21,295,482	2,470,588	8,875,237	9,397,085	7,951,073	2,412,125	52,401,590
Total liabilities and fund balances	\$24,014,877	\$2,968,527	\$8,978,117	\$9,934,559	\$8,081,953	\$2,830,196	

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.	212,512,565
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	765,692
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(47,484,380)
Net pension asset that is not a financial resource used in governmental activities and, therefore, not reported in governmental funds.	926,876

Net assets of governmental activities	\$219,122,343
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The accompanying notes are an integral part of these financial statements.

City of Alpharetta
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds

For the Fiscal Year Ended June 30, 2009

	Major Governmental Funds					Nonmajor Governmental Funds	Total Governmental Funds
	General	E911	Debt Service	Capital Project	Bond IV		
Revenues							
Taxes:							
Property taxes	\$18,914,265	–	\$7,449,471	–	–	–	\$26,363,736
Sales and use taxes	10,696,787	–	–	–	–	–	10,696,787
Other taxes	10,787,634	–	–	–	–	3,062,307	13,849,941
Licenses and permits	1,369,379	–	–	–	–	–	1,369,379
Charges for services	2,660,303	1,986,479	–	–	–	–	4,646,782
Impact fees	–	–	–	–	–	591,847	591,847
Fines and forfeitures	3,327,621	–	–	–	–	399,093	3,726,714
Intergovernmental	73,516	393,675	–	–	–	2,187,220	2,654,411
Contributions and donations	41,836	–	–	957,041	–	186,392	1,185,269
Investment earnings	280,382	34,694	265,630	152,036	438,125	33,180	1,204,047
Other revenues	445,874	–	185	30,770	–	–	476,829
Total revenues	48,597,597	2,414,848	7,715,286	1,139,847	438,125	6,460,039	66,765,742
Expenditures							
Current:							
General government	8,373,323	–	3,000	–	–	17,755	8,394,078
Public safety	20,991,428	2,224,433	–	–	–	441,103	23,656,964
Public works	7,294,161	–	–	–	–	18,114	7,312,275
Community development	1,904,173	–	–	–	–	1,837,384	3,741,557
Culture and recreation	6,298,065	–	–	–	–	5,311	6,303,376
Capital outlay	–	–	–	5,442,919	2,704,294	1,577,176	9,724,389
Debt service:							
Principal	273,312	–	7,351,625	–	–	–	7,624,937
Interest	95,872	–	2,342,859	–	–	–	2,438,731
Cost of issuance	–	–	153,513	–	–	–	153,513
Total expenditures	45,230,334	2,224,433	9,850,997	5,442,919	2,704,294	3,896,843	69,349,820
Excess (deficiency) of revenues over expenditures	3,367,263	190,415	(2,135,711)	(4,303,072)	(2,266,169)	2,563,196	(2,584,078)
Other financing sources (uses):							
Proceeds from sale of capital assets	244,000	–	–	–	–	–	244,000
Proceeds from bond issuance	–	–	8,620,000	–	–	–	8,620,000
Proceeds from premium on new bond	–	–	148,326	–	–	–	148,326
Refunding escrow payment	–	–	(8,624,872)	–	–	–	(8,624,872)
Transfers in	1,224,923	–	219,000	6,213,887	–	210,025	7,867,835
Transfers out	(6,423,912)	–	–	–	–	(1,443,923)	(7,867,835)
Total other financing sources (uses)	(4,954,989)	–	362,454	6,213,887	–	(1,233,898)	387,454
Net change in fund balances	(1,587,726)	190,415	(1,773,257)	1,910,815	(2,266,169)	1,329,298	(2,196,624)
Fund balances, beginning of year	22,883,208	2,280,173	10,648,494	7,486,270	10,217,242	1,082,827	54,598,214
Fund balances, end of year	\$21,295,482	\$2,470,588	\$8,875,237	\$9,397,085	\$7,951,073	\$2,412,125	\$52,401,590

The accompanying notes are an integral part of these financial statements.

City of Alpharetta
**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended June 30, 2009

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

Net change in fund balances - total governmental funds	\$ (2,196,624)
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	1,509,508
The net effect of various miscellaneous transactions involving capital assets (i.e. donations and sales) is to increase net assets	1,211,453
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(1,327,064)
The issuance of long-term debt 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. This amount is the net effect of these differences in the treatment of long-term debt and related items	7,712,042
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	(328,781)
Change in net assets - governmental activities	6,580,534

The accompanying notes are an integral part of these financial statements.

City of Alpharetta
STATEMENT OF NET ASSETS
Proprietary Fund

June 30, 2009

Assets

Solid Waste Fund

Current Assets:

Cash and cash equivalents	\$129,919
Investments	1,644,365
Accounts receivable, net of allowance for uncollectibles	86,208
Total current assets	1,860,492

Non-current Assets:

Other noncurrent assets	2,056
Total assets	1,862,548

Liabilities

Current liabilities:

Accounts payable	217,353
Accrued salaries	1,805
Unearned revenue	659,508
Compensated absences payable	1,478
Total liabilities	880,144

Net Assets

Unrestricted	982,404
Total net assets	\$982,404

The accompanying notes are an integral part of these financial statements.

City of Alpharetta
**STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET ASSETS**
Proprietary Fund

For the Fiscal Year Ended June 30, 2009

Operating revenues:	<u>Solid Waste Fund</u>
Charges for services:	
Refuse collection charges	\$2,633,200
Miscellaneous revenue	774
Total operating revenues	<u>2,633,974</u>
Operating expenses:	
Administration	<u>2,525,644</u>
Total operating expenses	<u>2,525,644</u>
Operating income	<u>108,330</u>
Non-operating revenues:	
Investment earnings	<u>30,191</u>
Total non-operating revenues	<u>30,191</u>
Change in net assets	138,521
Net assets, beginning of year	<u>843,883</u>
Net assets, end of year	<u><u>\$982,404</u></u>

The accompanying notes are an integral part of these financial statements.

City of Alpharetta
STATEMENT OF CASH FLOWS
Proprietary Fund

For the Fiscal Year Ended June 30, 2009

	<u>Solid Waste Fund</u>
<i>Cash Flows from Operating Activities</i>	
Receipts from customers and users	\$2,644,829
Payments to vendors	(2,438,366)
Payments to employees	(79,157)
Net cash provided by operating activities	<u>127,306</u>
<i>Cash Flows from Investing Activities</i>	
Purchases of investments	(90,580)
Interest and dividends received	28,062
Net cash used in investing activities	<u>(62,518)</u>
Increase in cash and cash equivalents	64,788
Cash and cash equivalents, beginning of year	<u>65,131</u>
Cash and cash equivalents, end of year	<u><u>\$129,919</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$108,330
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts receivable	21,341
Increase in other noncurrent assets	(2,056)
Increase in accounts payable	7,577
Decrease in other accrued liabilities	(8,681)
Increase in compensated absences	795
Net cash provided by operating activities	<u><u>\$127,306</u></u>

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

City of Alpharetta
STATEMENT OF FIDUCIARY NET ASSETS
Pension Trust Funds

June 30, 2009

Assets

Cash	\$34,455
Mutual funds	18,539,414
Total assets	18,573,869

Liabilities

Accounts payable	147,394
Total liabilities	147,394

Net Assets

Assets held in trust for pension benefits (See RSI for a schedule of funding progress)	\$18,426,475
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The accompanying notes are an integral part of these financial statements.

City of Alpharetta
**STATEMENT OF CHANGES IN
 FIDUCIARY NET ASSETS**
Pension Trust Funds

For the Fiscal Year Ended June 30, 2009

Additions

Contributions:

Employee contributions	\$399,049
Employer contributions	2,531,505
Transfers in of plan assets from regular plan	510,591
Total contributions	3,441,145

Investment income:

Net depreciation in fair value of investments	(4,890,810)
Interest and dividends	1,798,539
Net investment income	(3,092,271)
Total additions	348,874

Deductions

Benefit payments	643,532
Transfers out of plan assets to enhanced plan	510,591
Total deductions	1,154,123
Net decrease	(805,249)

Net Assets Held in Trust for Pension Benefits

Beginning of year	19,231,724
End of year	\$18,426,475

The accompanying notes are an integral part of these financial statements.

City of Alpharetta – Notes to the Financial Statements

June 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

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

Discretely presented component unit. The Development Authority of Alpharetta is included in the government’s reporting entity because of the significance of its financial relationship with the City of Alpharetta. The Authority promotes the industrial and economic development of the government, and is legally separate from the government; however, the government appoints all of the Authority’s Board members and has a financial obligation to the Authority. The government does not control the operations of the Authority. Separate financial statements for the Development 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 activities) report information on all of the non-fiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit 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 goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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 and fiduciary 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 in the fiscal year after they are levied. As such, property tax revenues are recognized in the current fiscal year for the previous tax year’s levy. 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 sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Debt service expenditures as well as expenditures related to compensated absences and claims and judgments, and other long-term liabilities are recorded only when payment is due.

Property taxes received up to sixty days after year end, 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 emergency 911 fund is used to account for funds received from users, or potential users, of the Emergency 911 System. Revenues received by the City of Alpharetta are paid directly from wired or wireless telecommunication providers, with expenditures occurring to maintain and run the system within the government.

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 IV fund is used to account for capital projects funded from the proceeds of the November 2004 referendum, which resulted in the 2006 general obligation bond issue.

The government reports the following major proprietary fund:

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.

The government also reports two pension trust funds which account for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future. Resources are contributed by the government at rates determined by actuarial computations as well as by employees for one of the plans.

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 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.

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. 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 government's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund consists of administrative expenses. 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 investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations issued by the United States government, obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States, obligations of any corporation of the U.S. government, prime bankers' acceptances, the Georgia local government investment pool, repurchase agreements, and obligations of other political subdivisions of the state.

Investments for the government are reported at fair value. The government limits investments through policy to obligations issued by the United States government, obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States, and obligations or any corporation of the U.S. government.

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

All property tax receivables are shown net of an allowance for uncollectibles.

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 penalties and interest are assessed. Delinquent tax payments subject the property to lien. The government bills and collects its own property taxes.

3. Prepaid items

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 2006 General Obligation Bond Issue are classified as restricted assets on the balance sheet because they are maintained in a separate bank account and their use is limited by applicable bond covenants. The "bond construction" account is used to report those proceeds that are restricted for use in the construction of voter approved projects.

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 \$5,000 (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.

The government reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount. As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the government values these capital assets at the estimated fair value of the item at the date of its donation.

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

<i>Assets</i>	<i>Years</i>
Buildings	5–50
Improvements other than buildings.	7–45
Infrastructure	5–100
Machinery and equipment.	5–20

Estimated useful lives are adjusted by category according to asset longevity to ensure classes of asset are not fully depreciated and still in use.

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 and proprietary 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.

7. Long-term obligations

In the government-wide financial statements, and the proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. 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. Management estimates

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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 \$47,484,380 difference are as follows:

Bonds payable	\$42,050,000
Less: Deferred charges on refunding	(725,997)
Less: Deferred charges for issuance costs	(285,599)
Plus: Issuance premium	548,457
Arbitrage payable	212,693
Capital lease payable	1,845,561
Notes payable	971,850
Accrued interest payable	299,575
Net OPEB liability	56,480
Claims and judgments payable	531,169
Compensated absences	1,980,191
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$47,484,380</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the governmentwide 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 change 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 \$1,509,508 difference are as follows:

Capital outlay	\$8,842,063
Depreciation expense	(7,332,555)
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>change in net assets of governmental activities</i>	<u>\$1,509,508</u>

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., donations and sales) is to increase net

assets.” The details of this \$1,211,453 difference are as follows:

In the statement of activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold.	\$(964,828)
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	2,176,281
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>change in net assets of governmental activities</i>	<u>\$1,211,453</u>

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds) 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 \$7,712,042 difference are as follows:

Principal repayments:	
General obligation bonds	\$7,265,000
Refunding escrow payment	8,525,000
Capital lease	273,312
Refinancing of note payable	216,150
Proceeds from new bonds	(8,620,000)
Premium on new bonds	(148,326)
Increase in deferred charges	99,871
Accrual of the cost of bond issuance	153,513
Amortization of issuance costs	(13,487)
Amortization of deferred charges on refunding	(79,847)
Amortization of bond premium	40,856
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>change in net assets of governmental activities</i>	<u>\$7,712,042</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 \$328,781 difference are as follows:

Compensated absences	\$291,409
Claims and judgments payable	(51,408)
Arbitrage rebate	33,843
Accrued interest	(91,197)
Net OPEB liability	56,480
Net pension asset	89,654
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>change in net assets of governmental activities</i>	<u>\$328,781</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 projects funds, which adopt project-length budgets. All annual appropriations lapse at fiscal year end.

The appropriated budget is prepared by fund, department, and function. The government’s department heads may make transfers of appropriations within departmental accounts of a specific fund. 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, within the fund.

The council made supplemental budgetary appropriations during a mid-year review process. These changes are reflected in the budget and actual comparison schedules.

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 in all governmental funds, except for the capital projects funds, because the commitments will be honored during the subsequent year from newly appropriated funds during the budget process.

B. Excess of expenditures over appropriations

The following funds and General Fund departments had excesses of actual expenditures over appropriations for the fiscal year ended June 30, 2009:

Debt Service Fund	\$141,513
General Fund department:	
Legal	64,007

These over expenditures were funded by greater than anticipated revenues, transfers from other funds, and by available fund balance.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of June 30, 2009, the City of Alpharetta had the following investments:

Investment	Maturity	Fair Value
Georgia Fund 1	41 days (weighted average)	\$28,297,718
Bank of North Georgia Money Market	1 day	333,980
Certificate of deposit	less than three months	7,000,000
Certificate of deposit	three to six months	4,500,000
Certificate of deposit	nine to twelve months	1,500,000
Repurchase Agreements	1 day	7,989,553
Total		\$49,621,251

In addition to the investments listed above, the City has investments of \$18,539,414 recorded in the Pension Trust Funds. These funds are invested in mutual funds with a weighted-average maturity of 3.88 years. The mutual funds are invested in stocks and corporate bonds, with ratings ranging from AAA to below B.

In accordance with the government's Cash and Investment Management Policies, safety of principal is the foremost objective of the investment program. As a result, credit risk and investment rate risk are aggressively mitigated. To the extent possible, the government shall attempt to match investments with anticipated cash flow requirements. Any investment exceeding a five (5) year maturity must be disclosed to the City Council in writing.

As a means of limiting exposure to credit risk, the risk of loss due to the failure of the security issuer or backer, the government limits investments to obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government and those deposit-type items which can be collateralized at 110% of the face value. Additionally, investments must have a credit rating issued by a nationally recognized statistical rating organization (NRSROs) which is in the top category, i.e. "A3" or better from Moody's and "A-" or better from Standard & Poor's. All investments met these requirements.

Custodial risk, that is the risk associated with uninsured deposits, uninsured securities, or securities not registered in the government's name, is managed in accordance with the government's policy through a safekeeping agreement with an external party. State statutes and City policy require all deposits and investments (other than federal or

state instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. All deposits and investments as of June 30, 2009 were properly collateralized.

Through the structuring of the investment portfolio so that securities mature to meet cash requirements for on-going operations, the government reduces exposure to interest rate risk. Interest rate risk, the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, is also managed through the government's objective to hold investments until maturity. Meaning, the yield received on the life of the security for invested funds is greater than funds that are not invested due to an anticipated improvement to economic conditions.

The government's investment policy limits investments from any one issuer to no more than 5% of the total investment portfolio, excluding investments explicitly guaranteed by the U.S. government. Thus, the government's concentration of investments into any single issuer is managed by expanding the exposure of the investment portfolio to multiple issuers.

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable net asset value investment pool, which follows Standard and Poor's criteria for AAAM rated money market funds and is regulated by the Georgia Office of Treasury and Fiscal Services. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool

is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes

earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1 per share. The regulatory oversight agency for Georgia Fund 1 is the Office of Treasury and Fiscal Services of the State of Georgia.

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	E911	Debt Service	Capital Project	Bond IV	Solid Waste	Nonmajor Funds
Receivables:							
Taxes	\$2,921,325	–	\$263,780	–	–	–	\$227,176
Accounts	110,719	242,452	–	528,538	32,602	160,330	582,755
Gross receivables	3,032,044	242,452	263,780	528,538	32,602	160,330	809,931
Less allowance for uncollectibles	(169,604)	–	(66,462)	–	–	(74,122)	–
Net total receivables	\$2,862,440	\$242,452	\$197,318	\$528,538	\$32,602	\$86,208	\$809,931

All of the receivables are expected to be collected within one year, with the exception of a portion of the property taxes in both the General and Debt Service funds.

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.

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2009 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<i>Governmental activities:</i>					
Capital assets, not being depreciated:					
Land and permanent improvements	\$52,393,294	\$2,283,175	–	\$5,908,325	\$60,584,794
Construction in progress	11,364,626	5,260,626	(9,415)	(14,110,928)	2,504,909
Total assets, not being depreciated	63,757,920	7,543,801	(9,415)	(8,202,603)	63,089,703
Capital assets, being depreciated:					
Buildings	33,432,815	46,000	–	395,000	33,873,815
Improvements other than buildings	21,217,055	752,641	–	1,760,293	23,729,989
Machinery and equipment	15,904,985	1,925,706	(2,760,176)	595,693	15,666,208
Infrastructure	144,086,718	750,196	(1,133,891)	5,451,617	149,154,640
Total assets, being depreciated	214,641,573	3,474,543	(3,894,067)	8,202,603	222,424,652
Less accumulated depreciation for:					
Buildings	(8,573,455)	(833,328)	–	–	(9,406,783)
Improvements other than buildings	(10,343,521)	(1,292,570)	–	–	(11,636,091)
Machinery and equipment	(8,831,643)	(1,433,976)	2,409,558	–	(7,856,061)
Infrastructure	(40,859,270)	(3,772,681)	529,096	–	(44,102,855)
Total accumulated depreciation	(68,607,889)	(7,332,555)	2,938,654	–	(73,001,790)
Total assets, being depreciated, net	146,033,684	(3,858,012)	(955,413)	8,202,603	149,422,862
Governmental activities capital assets, net	\$209,791,604	\$3,685,789	\$(964,828)	–	\$212,512,565

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

<i>Governmental activities:</i>	
General government	\$4,264,306
Public safety	1,399,920
Public works	699,368
Community development	62,264
Culture and recreation	906,697
Total depreciation expense - governmental activities	\$7,332,555

Construction Commitments. The government has active construction projects as of June 30, 2009. The projects include street construction in areas with high congestion and commute times, sidewalks and pedestrian pathways in areas previously void of such amenities, park improvements, and the construction of public safety facilities. At year end the government's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Park improvements	\$971,163	\$5,999
Sidewalk and pedestrian projects	866,505	601,494
Street and transportation improvements	14,819,557	1,258,908
Public safety facilities	1,454,372	128
Machinery, equipment and technology	1,614,605	196,195
General administrative facilities	95,691	3,893
Total	\$19,821,893	\$2,066,617

The projects above are being financed primarily through the Capital Project Fund, using pay-as-you-go funding sources. Expenditures have also been incurred in the

Bond IV capital project fund primarily for street and transportation improvements as well as the public safety improvements.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2009, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General fund	Nonmajor governmental funds	\$90,870
E911 fund	General fund	1,476
Total		\$92,346

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers for the year ended June 30, 2009:

Transfers in:	Transfers out:		Total
	General Fund	Nonmajor Governmental Funds	
General Fund	–	\$ 1,224,923	\$1,224,923
Debt Service Fund	–	219,000	219,000
Capital Projects Fund	6,213,887	–	6,213,887
Solid Waste fund	–	–	–
Nonmajor governmental funds	210,025	–	210,025
Total	\$6,423,912	\$1,443,923	\$7,867,835

Transfers are used to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

E. Long-term Debt

General Obligation Bonds. The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The general obligation bonds issued are for governmental activities. The original amount of general obligation bonds issued as of June 30, 2009 is \$66,910,000.

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:

Purpose	Interest Rates	Amount
Governmental activities	4.0 - 6.5%	\$25,510,000
Governmental activities - refunding	1.25 - 4.375%	16,540,000
Total		\$42,050,000

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

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2010	\$7,780,000	\$1,666,483
2011	8,050,000	1,413,006
2012	5,940,000	1,149,281
2013	1,100,000	937,850
2014	1,145,000	893,850
2015-2019	6,445,000	3,637,665
2020-2024	7,905,000	2,084,700
2025-2026	3,685,000	259,650
Total	\$42,050,000	\$12,042,485

Defeased and Refunded Debt. During the 2005 fiscal year the government purchased \$1,614,042 of United States Treasury Obligations – State and Local Government Series securities that were placed in an irrevocable escrow fund for the purposes of generating resources for all future debt payments of \$1,550,000 of revenue bonds. As a result, the refunded bonds are considered to be legally defeased and the liability has been removed from the business-type activities column of the statement of net assets. This defeasance was undertaken to facilitate the sale of the government's water system. The current outstanding amount of debt considered legally defeased equals \$615,000.

During fiscal year 2009, the government issued \$8,620,000 of general obligation refunding bonds for the purpose of paying in full the balance of the 1998 general obligation bonds. The bonds were issued on May 24, 2009 with a premium of \$148,326 and interest rates ranging from 1.25% to 2.50%. The reacquisition price exceeded the net carrying amount of the old debt by \$99,871. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. The current balance of the deferred charge resulting from the reacquisition price exceeding the net carrying amount of the old debt is \$99,871. The current refunding was undertaken to reduce total debt service payments and

resulted in an economic gain and a present value cash flow of \$319,694. The current outstanding amount of debt considered legally defeased equals \$8,525,000.

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 in the original amount of \$10,600,000.

In conjunction with this agreement, the Foundation entered into a direct financing lease which requires the Foundation to make lease payments to the Authority to cover 83.5% of the principal and interest payments on the bonds. The City entered into an intergovernmental contract with the Authority which requires the City to make payments to the Authority to enable the Authority to pay 100% of the principal and interest payments on the bonds to the extent that the Foundation's lease payments are insufficient to cover the full amount of principal and interest payments on the bonds. At a minimum, the City is obligated to pay 16.5% of the total principal and interest payments on the bonds.

In 2009 the Authority issued \$5,890,000 of revenue refunding bonds for the purpose of paying in full the outstanding balance of the 1999 revenue bonds. The 2009 series were issued with interest rates from 3.0% to 5.0% and a maturity date of November 1, 2018. The bonds are payable on May 1 and November 1, serially to fiscal year 2019.

The reacquisition price exceeded the net carrying amount of the old debt by \$9,421. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. The current balance of the de-

ferred charge resulting from the reacquisition price exceeding the net carrying amount of the old debt is \$8,564. The advance refunding was undertaken to reduce total debt service payments and resulted in an economic gain and a present value cash flow of \$620,479. The current outstanding amount of debt considered legally defeased equals \$6,675,000.

The annual requirements to amortize the Development Authority's revenue bonds outstanding as of June 30, 2009 are as follows:

Fiscal Year Ending June 30	Principal	Interest
2010	\$270,000	\$238,166
2011	530,000	232,475
2012	550,000	212,200
2013	575,000	189,700
2014	595,000	166,300
2015-2019	3,370,000	424,400
Total	\$5,890,000	\$1,463,241

Notes Payable. The annual requirements to amortize the note payable to the Development Authority for the government's share (16.5%) of the bonds as of June 30, 2009 are as follows:

Fiscal Year Ending June 30	Principal	Interest
2010	\$44,550	\$39,297
2011	87,450	38,358
2012	90,750	35,013
2013	94,875	31,301
2014	98,175	27,440
2015-2019	556,050	70,026
Total	\$971,850	\$241,435

Capital Leases. The City has entered into two lease agreements as lessee for financing the acquisition of machinery and equipment, including communication equipment and a fire truck, which are used in governmental activities. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inception. As of June 30, 2009, the City had \$2,427,366 of machinery and equipment under capital leases.

The City's total capital lease debt service requirements to maturity are as shown to the right:

Fiscal Year Ending June 30	Governmental Activities
2010	\$369,184
2011	369,184
2012	369,184
2013	217,804
2014	217,804
2015-2017	653,412
Total minimum lease payments	2,196,572
Less amount representing interest	351,011
Present value of future minimum lease payments	\$1,845,561

Changes in Long-term Liabilities. Long-term liability activity for the fiscal year ended June 30, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Governmental activities</i>					
Bonds payable:					
General obligation bonds	\$49,220,000	\$8,620,000	\$(15,790,000)	\$42,050,000	\$7,780,000
Less deferred charges on refunding	(705,973)	(99,871)	79,847	(725,997)	
Plus issuance premium	440,987	148,326	(40,856)	548,457	
Net bonds payable	48,955,014	8,668,455	(15,751,009)	41,872,460	
Notes payable	1,188,000	971,850	(1,188,000)	971,850	44,550
Capital lease	2,118,873	–	(273,312)	1,845,561	285,329
Net OPEB obligation	–	56,480	–	56,480	
Arbitrage payable	178,850	33,843	–	212,693	
Claims and judgments	582,577	338,407	(389,815)	531,169	179,636
Compensated absences	1,688,782	1,782,599	(1,491,190)	1,980,191	1,746,505
Governmental activity Long-term liabilities	\$54,712,096	\$11,851,634	\$(19,093,326)	\$47,470,404	\$10,036,020
<i>Business-type activities</i>					
Compensated absences	\$683	\$1,847	\$(1,052)	\$1,478	\$1,478
Business-type activity Long-term liabilities	\$683	\$1,847	\$(1,052)	\$1,478	\$1,478

For governmental activities, compensated absences are predominately liquidated by the general fund and emergency 911 fund; claims and judgments and other post-employment benefits are predominately liquidated by the

general fund; and arbitrage is liquidated by the bond IV fund. Long-term liability activity for the Development Authority for the fiscal year ended June 30, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable	\$7,200,000	\$5,890,000	\$(7,200,000)	\$5,890,000	\$270,000
Less deferred charges	–	(9,421)	857	(8,564)	–
Plus issuance premium	–	654,705	–	654,705	–
Revenue bonds payable, net	\$7,200,000	\$6,535,284	\$(7,199,143)	\$6,536,141	\$270,000

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 previously established a limited risk management program for workers' compensation.

Liabilities 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. Workers' compensation claims exceeding \$300,000 per incident and \$1,000,000 in the aggregate are also insured through a private insurance carrier, where as liability claims below this threshold are paid directly by the government. It is the government's intention to maintain an equity balance equivalent to cover the unpaid claims. Changes in the balances of claims liabilities, as reported in the government-wide financial statements, during the past two years are as follows:

	Fiscal Year Ended June 30, 2009	Fiscal Year Ended June 30, 2008
Unpaid claims, beginning of fiscal year	\$582,577	\$303,463
Claims incurred	338,407	529,626
Claims paid	(389,815)	(250,512)
Unpaid claims, end of fiscal year	\$531,169	\$582,577

Health insurance claims are paid by an independent carrier under a fully-insured program. Settlements have not exceeded coverages for each of the past three fiscal years.

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 government has contracted with Browning-Ferris Industries, Inc. for refuse collection, including recycling, until March 31, 2010.

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 government is liable for the repayments of the revenue bonds in the event of default by either the Authority or the Foundation.

C. Related Organizations

The City Administrator of the government serves as the President of the Board for the Alpharetta Business Community, Inc. and nominates members of the community to the board. The Alpharetta Business Community is a legally separate entity, incorporated in the state of Georgia for the purpose of expending a portion of the hotel occupancy tax, which is collected through the government's taxing authority. The government does not control the operations of the corporation. Separate financial statements for the corporation are not prepared.

The Alpharetta Convention and Visitors Bureau is also a separate legal entity from the government. Incorporated to promote tourism within the City of Alpharetta, the Mayor and Council appoint four of the ten directors to this entity. The government does not control the op-

erations of the corporation and is not entitled to or otherwise have access to the bureau's economic resources. Separate financial statements are available by contacting the Alpharetta Convention and Visitors Bureau's administrative offices.

Alpharetta Convention and Visitors Bureau
3060 Royal Blvd. South
Suite 145
Alpharetta, Georgia 30022
(678) 297-2811

D. 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, which the City of Atlanta has paid on behalf of the City of Alpharetta since the 2004 fiscal year. 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, 40 Courtland Street NE, Atlanta, Georgia 30303.

E. Retirement Plans

Defined Benefit Pension Plans.

Description of plans. The City of Alpharetta maintains two single-employer defined benefit pension plans, the City of Alpharetta Regular Defined Benefit Pension Plan (the "Regular Plan") and the City of Alpharetta Enhanced Defined Benefit Pension Plan (the "Enhanced Plan" or in combination the "Plans"), for the employees of the City of Alpharetta. The Plans are administered by a Board of Trustees, who have executed trust agreements with a financial institution to hold, manage, invest, and distribute contributions in accordance with the provisions of the Plans. Benefit provisions are established and may be amended by the City Council. Annual contributions

are determined through actuarial valuations of the Plans and are approved by City Council as part of the annual budgeting process. The Regular Plan is closed to new entrants who, if full time, are required to participate in the Enhanced Plan. The Regular Plan is funded by the City only while the Enhanced Plan is funded by both the City and the Plan participants. Subsequent to year-end the Enhanced Plan was also closed to new employees.

The Plans cover all full-time government employees, government officials, and the elected or appointed judge of the Municipal Court. Employees become eligible to participate in the Plans after one year of employment and are fully vested after five years of employment. Benefit provisions are established by a resolution of City Council. The Plans provide retirement and death benefits to Plan members and beneficiaries. The Plans do not issue separate stand-alone financial reports. At January 1, 2008, the date of the most recent actuarial valuation, there were 517 participants consisting of the following:

	Regular	Enhanced	Total
Retirees and beneficiaries currently receiving benefits	54	–	54
Vested terminated employees not yet receiving benefits	107	-	107
Active employees	154	202	356
Total	315	202	517

Summary of significant accounting policies. The financial statements of the Plans are prepared using the accrual basis of accounting. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made as part of the budget process. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans.

Investments of the Plans are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the latest reported sales price. Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. Investments that do not have an established market are reported at estimated fair value.

Contributions. For the Regular Plan, only the City makes contributions. For the Enhanced Plan, both the City and the Employees (at 2.5% of payroll) make contributions to the plan. For fiscal year 2009 employees contributed \$399,049 to the Enhanced Plan. The City is required to

Annual Pension Cost and Net Pension Obligation (NPO) - Regular

	For the Plan Year Ending June 30, 2009	For the Plan Year Ending June 30, 2008
Annual required contribution (ARC)	\$1,126,310	\$2,279,042
Interest on net pension obligation (asset)	(63,865)	(64,277)
Annual pension cost	1,062,445	2,214,765
Contributions made	1,026,911	2,279,042
Transfer of NPO (asset) to Enhanced Plan	(604,176)	—
Increase (decrease) in NPO	639,710	(64,277)
NPO (asset) at beginning of year	(1,016,530)	(952,253)
NPO (asset) at end of year	<u><u>\$(376,820)</u></u>	<u><u>\$(1,016,530)</u></u>

Annual Pension Cost and Net Pension Obligation (NPO) - Enhanced

	For the Plan Year Ending June 30, 2009
Annual required contribution (ARC)	\$1,650,253
Interest on net pension obligation (asset)	(93,575)
Annual pension cost	1,556,678
Contributions made	1,504,614
Transfer of (NPO) asset from Regular Plan	604,176
Increase (decrease) in NPO	(552,112)
NPO (asset) at beginning of year	—
NPO (asset) at end of year	<u><u>\$(552,112)</u></u>

contribute at an actuarially determined rate: the contribution rate for 2009 was 15.0% of payroll for the Regular Plan and 13.3% of payroll for the Enhanced Plan. The annual required contributions for the current year were determined as part of the January 1, 2008 actuarial valuations using the projected unit credit method. The actuarial assumptions included (a) a rate of return on the investments of present and future assets of 6.75% per year, compounded annually and net of investment expenses and (b) projected salary increases of 5.5% per year, which includes .5% due to merit and 5% for inflation.

The period for amortizing the unfunded actuarial accrued liabilities is 15 years for gains and losses, 20 years for plan changes and 30 years for assumption changes. The method used to amortize the unfunded actuarial accrued liabilities is level dollar. This amortization period is closed for this plan year.

History of Annual Pension Cost and Net Pension Obligation (Regular)

Fiscal Period Ending	Annual Pension Cost	Percentage Contributed	Net Pension (Asset) Obligation
2009	\$1,062,445	97%	\$(376,820)
2008	2,214,765	103%	(1,016,530)
2007	996,272	196%	(952,253)

In 2007 the City lowered their assumed rate of investment return from 8% to 6.75% as a more conservative funding policy.

History of Annual Pension Cost and Net Pension Obligation (Enhanced)

Fiscal Period Ending	Annual Pension Cost	Percentage Contributed	Net Pension (Asset) Obligation
2009	\$1,556,678	97%	\$(552,112)

The following is a schedule of funding progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (U A A L) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
1/1/2008 Regular	\$11,043,207	\$14,457,448	\$3,414,241	76.4%	\$7,518,070	45.4%
1/1/2008 Enhanced	9,705,233	12,705,813	3,000,580	76.4%	12,411,020	24.2%

The above schedule of funding progress serves as a surrogate for the funded status and the funding progress of

the Plan. See required supplementary information for a history of funding progress.

Actuary valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a

long-term perspective. Calculations are based on the substantive plans in effect as of January 1, 2008.

The following is financial information for the City's Regular and Enhanced Pension Plans as of June 30, 2009.

	Regular Plan	Enhanced Plan
<i>Assets</i>		
Cash	\$14,604	\$19,851
Mutual funds	7,837,428	10,701,986
Total assets	7,852,032	10,721,837
<i>Liabilities</i>		
Accounts payable	71,858	75,536
Total liabilities	71,858	75,536
Net assets	7,780,174	10,646,301
<i>Additions</i>		
Employee contributions	–	399,049
Employer contributions	1,026,891	1,504,614
Transfer in of plan assets from regular plan	–	510,591
Net appreciation in fair value of investments	(2,671,648)	(2,219,162)
Net interest and dividends	1,781,222	17,317
Total additions	136,465	212,409
<i>Deductions</i>		
Benefit payments	636,874	6,658
Transfer out of plan assets to enhanced plan	510,591	–
Total deductions	1,147,465	6,658
Net increase (decrease)	(1,011,000)	205,751
Net assets, beginning of year	8,791,174	10,440,550
Net assets, end of year	\$7,780,174	\$10,646,301

Defined Contribution Plan

Plan description and funding requirements. The government maintains a supplemental retirement plan for all employees entitled the deferred compensation plan, a single-employer, defined contribution plan. Both full-time and part-time employees of the government are eligible to participate. This plan is administered by Hartford Life Insurance Company as a 401(a) and 457 plan, as defined by the Internal Revenue Service. At June 30, 2009, there were 325 plan members.

Employees may elect to contribute a portion of their pay, not to exceed the IRS guidelines, into the 457 plan. Upon completion of one year of employment for full-time employees and three years of employment for part-time employees, the government will match the employee's contribution, up to 5% of the employee's annual salary, into the 401(a) plan. The government has the ability to amend the plan provisions. For the fiscal year ended June 30, 2009, the government's contribution to the 401(a) plan was \$823,753. The amount contributed by employees into the 457 plan was \$1,230,338.

F. Other Post-employment Benefits

Plan Description. The City of Alpharetta Health Retirement Plan (the “OPEB Plan”) is a single employer defined benefit post-retirement health care plan. The plan is not funded but rather operated on a “pay-as-you-go” basis. As required by GASB Statement 45, the City reports in the financial statements the “costs” associated with the future participation of retirees in this benefit.

General. The following brief description of the OPEB Plan terms is provided for general information purposes only. Participants should refer to City ordinances and the City records for more complete information.

Retirement Options/Benefit Provisions. Eligible retirees are offered the same health and prescription drug coverage as active employees. Each fiscal year, the City determines the plan benefits and the premium rate for participants (active and retirees). However, unlike active employees,

retirees pay 100% of the blended premium afforded to the City. Therefore, as the retiree makes the full premium payment, the City’s only exposure is the accounting treatment of this implicit rate subsidy caused by the difference in the blended rate offered to the retiree and his/her actual age adjusted premium. Coverage expires at age 65.

Eligibility. All full time employees who are also eligible to retire and receive benefits under one of the Defined Benefit Pension Plans.

The following schedule reflects membership for the OPEB Plan as of January 1, 2008, the most recent actuarial valuation:

Active participants	339
Retirees and beneficiaries currently receiving benefits	6
Total	345

The following is a schedule of funding progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (U A A L) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2008	–	\$653,560	\$653,560	0.0%	\$19,929,090	3.3%

The above schedule of funding progress serves as a surrogate for the funded status and the funding progress of the Plan. See required supplementary information for a history of funding progress.

Annual OPEB Cost and Net OPEB Obligation

	For the Plan Year Ending June 30, 2009
Annual required contribution	\$108,168
Interest expense	1,000
Annual OPEB cost	109,168
Contributions made	52,688
Increase (decrease) in net OPEB obligation	56,480
Net OPEB obligation at beginning of year	—
Net OPEB obligation at end of year	\$56,480

History of Annual OPEB Cost and Net OPEB Obligation

Fiscal Period Ending	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2009	\$109,168	48%	\$56,480

Assumptions. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2008. The assumptions used in the January 1, 2008 actuarial valuation are as follows:

Cost Method Projected Unit Credit
Discount Rate 4%
Healthcare Cost Trend Rate 5%
Amortization Method Level Dollar, Closed
Remaining Amortization Period 30 years

G. Hotel/Motel Lodging Tax

The City imposes a hotel/motel tax on lodging facilities within the City. The tax is assessed at 6%. Revenues were \$3,062,307 for the year ended June 30, 2009. Of this amount 100%, or \$3,062,307, was expended. Expenditures of the tax were used to promote tourism as required by O.C.G.A. 48-13-51.

H. Prior Period Restatements

The City has determined that a restatement of beginning net assets of the governmental activities is necessary to properly record revenues and capital assets. This adjustment results in a change to the beginning net assets of the governmental activities as follows:

Net assets, June 30, 2008	\$211,092,254
Adjustment for correction of grant revenues and receivables not reported	589,819
Adjustment for correction of capital assets donated to the City	859,736
Net assets, June 30, 2008, as restated	\$212,541,809

City of Alpharetta
Required Supplementary Information
Retirement Plan
SCHEDULES OF FUNDING PROGRESS

City of Alpharetta Regular Defined Benefit Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (U A A L) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a) / c]
2008	\$11,043,207	\$14,457,448	\$3,414,241	76.4%	\$ 7,518,070	45.4%
2007	17,767,828	23,539,742	5,771,914	75.5%	17,127,360	33.7%
2006	14,649,982	14,447,850	(202,132)	101.4%	15,699,449	-1.3%
2005	12,064,621	13,203,862	1,139,241	91.4%	14,425,871	7.9%
2004	9,947,926	12,096,568	2,148,642	82.2%	13,961,803	15.4%
2003	7,122,434	10,369,057	3,246,623	68.7%	12,311,080	26.4%

Notes: In 2007, the City lowered its assumed rate of investment return from 8% to 6.75% as a more conservative funding policy. For comparative purposes, the funded ratio for 2007 would be 107.2% using the former 8% rate.

In 2008, the City created an Enhanced Defined Benefit Plan and transferred the corresponding assets and actuary accrued liability to the new plan for each covered employee.

City of Alpharetta Enhanced Defined Benefit Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (U A A L) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a) / c]
2008	\$9,705,233	\$12,705,813	\$3,000,580	76.4%	\$12,411,020	24.2%

See assumptions used and disclosed in Note V-E to the financial statements.

City of Alpharetta
Required Supplementary Information
Retirement Plan
SCHEDULES OF EMPLOYER CONTRIBUTIONS

City of Alpharetta Regular Defined Benefit Pension Plan

Actuarial Valuation Date	Annual Required Contribution (ARC)	% of ARC Contributed
2008	1,126,310	91%
2007	2,279,042	100%
2006	1,027,306	190%
2005	1,048,519	100%

Note: Prior to 2005, the City participated in an agent multiple employer defined benefit pension plan.

City of Alpharetta Enhanced Defined Benefit Pension Plan

Actuarial Valuation Date	Annual Required Contribution (ARC)	% of ARC Contributed
2008	1,650,253	91%

See assumptions used and disclosed in Note V-E to the financial statements.

City of Alpharetta
Required Supplementary Information
Other Post-Employment Benefits
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (U A A L) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a) / c]
2008	—	\$653,560	\$(653,560)	0%	\$19,929,090	3.3%

See assumptions used and disclosed in Note V-F to the financial statements.

City of Alpharetta
Required Supplementary Information: General Fund
BUDGETARY COMPARISON SCHEDULE - GAAP BASIS

For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Property taxes	\$17,623,285	\$17,623,285	\$18,914,265	\$1,290,980
Sales and use taxes	10,950,000	10,950,000	10,696,787	(253,213)
Franchise taxes	5,173,836	5,173,836	5,838,582	664,746
Business taxes	3,140,000	3,140,000	3,155,734	15,734
Other taxes	1,785,000	1,785,000	1,793,318	8,318
Licenses and permits	1,997,500	1,997,500	1,369,379	(628,121)
Intergovernmental	76,252	76,252	73,516	(2,736)
Fines and forfeitures	3,536,500	3,536,500	3,327,621	(208,879)
Charges for services	3,145,057	3,145,057	2,660,303	(484,754)
Investment earnings	710,000	710,000	280,382	(429,618)
Contributions and donations	–	33,611	41,836	8,225
Other revenues	78,000	78,000	445,874	367,874
Total revenues	48,215,430	48,249,041	48,597,597	348,556
Expenditures				
Current:				
General government:				
City clerk	313,162	313,162	249,190	63,972
Contingency	1,082,139	558,270	–	558,270
Mayor and council	268,037	268,037	245,974	22,063
Municipal court	948,404	948,404	918,427	29,977
Legal	400,000	400,000	464,007	(64,007)
City administrator	1,465,559	1,465,559	1,173,318	292,241
Finance	2,801,064	2,801,064	2,512,964	288,100
Human resources	432,120	432,120	333,715	98,405
Risk management	1,248,818	1,248,818	890,868	357,950
Technology services	1,504,549	1,504,549	1,394,203	110,346
Internal audit	147,554	147,554	145,657	1,897
Non-departmental	45,000	433,869	45,000	388,869
Total general government	10,656,406	10,521,406	8,373,323	2,148,083
Public safety	22,019,981	22,175,080	20,991,428	1,183,652
Engineering and public works	7,936,198	7,936,459	7,294,161	642,298
Community development	2,125,786	2,125,786	1,904,173	221,613
Culture and recreation	6,982,875	6,996,125	6,298,065	698,060
Debt service				
Principal	369,184	273,311	273,312	(1)
Interest	–	95,873	95,872	1
Total expenditures	50,090,430	50,124,040	45,230,334	4,893,706
Excess (deficiency) of revenues over expenditures	(1,875,000)	(1,874,999)	3,367,263	5,242,262
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	—	244,000	244,000	
Transfers in	1,375,000	1,375,000	1,224,923	(150,077)
Transfers out	(6,423,912)	(6,423,912)	(6,423,912)	–
Total other financing sources (uses)	(5,048,912)	(5,048,912)	(4,954,989)	93,923
Net change in fund balances	(6,923,912)	(6,923,911)	(1,587,726)	5,336,185
Fund balances, beginning of year	22,883,208	22,883,208	22,883,208	–
Fund balances, end of year	\$15,959,296	\$15,959,297	\$21,295,482	\$5,336,185

City of Alpharetta
Required Supplementary Information
Emergency 911 Fund

BUDGETARY COMPARISON SCHEDULE - GAAP BASIS

For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Charges for services	\$1,675,000	\$1,675,000	\$1,986,479	\$311,479
Intergovernmental	–	–	393,675	393,675
Investment earnings	80,000	80,000	34,694	(45,306)
Total revenues	1,755,000	1,755,000	2,414,848	659,848
Expenditures				
Current:				
Public safety	2,377,261	3,577,261	2,224,433	1,352,828
Total expenditures	2,377,261	3,577,261	2,224,433	1,352,828
Net changes in fund balances	(622,261)	(1,822,261)	190,415	2,012,676
Fund balances, beginning of year	2,280,173	2,280,173	2,280,173	–
Fund balances, end of year	\$1,657,912	\$457,912	\$2,470,588	\$2,012,676

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Hotel/Motel Fund

This fund is used to account for the occupancy tax collected by the government from area hotels and motels, and distributed based upon state statute. The government is currently collecting this tax at a rate of 6%.

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 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 that 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.

Grant Operating Fund

This fund is used to account for the funds received from external sources as they relate to grants awarded to the government. Matching funds, which are the government's responsibility, are also recorded within this fund. This fund only tracks and accounts those items relating to the operation of the government.

Capital Project Funds

Capital project funds are used to account for the acquisition and construction of major items, such as buildings, infrastructure, parks, streets, and other major capital facilities.

Bond III Fund

This fund is used to account for proceeds and associated expenditures resulting from the 1998 general obligation bond referendum.

Grant Capital Fund

This fund is used to track capital projects as they relate to proceeds from grants awarded to the government. Matching funds, which are the government's responsibility, are recorded within this fund.

City of Alpharetta
COMBINING BALANCE SHEET
Nonmajor Governmental Funds

June 30, 2009

	Special Revenue Funds				Capital Projects Funds		Total Nonmajor Governmental Funds
	Hotel Motel	Impact Fee	Drug Enforcement	Grant Operating	Bond III	Grant Capital	
Assets							
Cash and cash equivalents	\$802	\$51,992	\$572,678	\$3,657	–	\$49,546	\$678,675
Investments	10,145	658,052	–	46,289	–	627,104	1,341,590
Taxes receivable	227,176	–	–	–	–	–	227,176
Accounts receivable	–	472	–	–	–	–	472
Restricted:							
Intergovernmental receivable	–	–	–	20,157	–	562,126	582,283
Total assets	\$238,123	\$710,516	\$572,678	\$70,103	–	\$1,238,776	\$2,830,196
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$136,306	–	–	\$32,253	–	\$3,300	\$171,859
Retainage payable	–	–	–	–	–	680	680
Due to other funds	90,870	–	–	–	–	–	90,870
Deferred revenue	–	–	–	2,906	–	151,756	154,662
Total liabilities	227,176	–	–	35,159	–	155,736	418,071
Fund Balances							
Reserved for:							
Capital projects	–	710,516	–	–	–	–	710,516
Encumbrances	–	–	–	–	–	12,232	12,232
Unreserved, designated for operations	10,947	–	572,678	34,944	–	1,070,808	1,689,377
Total fund balances	10,947	710,516	572,678	34,944	–	1,083,040	2,412,125
Total liabilities and fund balances	\$238,123	\$710,516	\$572,678	\$70,103	–	\$1,238,776	\$2,830,196

City of Alpharetta
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES**
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2009

	<i>Special Revenue Funds</i>				<i>Capital Projects Funds</i>		Total Nonmajor Governmental Funds
	Hotel Motel	Impact Fee	Drug Enforcement	Grant Operating	Bond III	Grant Capital	
Revenues							
Hotel/Motel taxes	\$3,062,307	—	—	—	—	—	\$3,062,307
Impact fees	—	591,847	—	—	—	—	591,847
Forfeiture income	—	—	399,093	—	—	—	399,093
Intergovernmental	—	—	—	180,873	—	2,006,347	2,187,220
Contributions	—	—	—	—	—	186,392	186,392
Investment earnings	—	14,244	11,826	—	7,110	—	33,180
Total revenues	3,062,307	606,091	410,919	180,873	7,110	2,192,739	6,460,039
Expenditures							
Current:							
General government	—	17,755	—	—	—	—	17,755
Public works	—	—	—	18,114	—	—	18,114
Culture and recreation	—	—	—	5,311	—	—	5,311
Public safety	—	—	271,654	169,449	—	—	441,103
Community development	1,837,384	—	—	—	—	—	1,837,384
Capital outlay	—	—	—	—	630,587	946,589	1,577,176
Total expenditures	1,837,384	17,755	271,654	192,874	630,587	946,589	3,896,843
Excess (deficiency) of revenues over expenditures	1,224,923	588,336	139,265	(12,001)	(623,477)	1,246,150	2,563,196
Other Financing Sources (Uses)							
Transfers in	—	—	—	25,450	—	184,575	210,025
Transfers out	(1,224,923)	(219,000)	—	—	—	—	(1,443,923)
Total other financing sources (uses)	(1,224,923)	(219,000)	—	25,450	—	184,575	(1,233,898)
Net change in fund balances	—	369,336	139,265	13,449	(623,477)	1,430,725	1,329,298
Fund balances (deficit), beginning of year	10,947	341,180	433,413	21,495	623,477	(347,685)	1,082,827
Fund balances, end of year	\$10,947	\$710,516	\$572,678	\$34,944	—	\$1,083,040	\$2,412,125

City of Alpharetta
Hotel Motel Fund
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2009

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Hotel/Motel taxes	\$3,437,500	\$3,437,500	\$3,062,307	\$(375,193)
Total revenues	3,437,500	3,437,500	3,062,307	(375,193)
Expenditures				
Current:				
Community development	2,062,500	2,062,500	1,837,384	225,116
Total expenditures	2,062,500	2,062,500	1,837,384	225,116
Excess of revenues over expenditures	1,375,000	1,375,000	1,224,923	(150,077)
Other Financing Uses				
Transfers out	(1,375,000)	(1,375,000)	(1,224,923)	150,077
Total other financing uses	(1,375,000)	(1,375,000)	(1,224,923)	150,077
Net changes in fund balances	–	–	–	–
Fund balances, beginning of year	10,947	10,947	10,947	–
Fund balances, end of year	\$10,947	\$10,947	\$10,947	–

City of Alpharetta
Impact Fee Fund
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2009

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Impact fees	\$200,000	\$200,000	\$591,847	\$391,847
Investment earnings	25,000	25,000	14,244	(10,756)
Total revenues	225,000	225,000	606,091	381,091
Expenditures				
Current:				
General government	6,000	331,000	17,755	313,245
Total expenditures	6,000	331,000	17,755	313,245
Excess (deficiency) of revenues over expenditures	219,000	(106,000)	588,336	694,336
Other Financing Uses				
Transfers out	(219,000)	(219,000)	(219,000)	—
Total other financing uses	(219,000)	(219,000)	(219,000)	—
Net changes in fund balances	—	(325,000)	369,336	694,336
Fund balances, beginning of year	341,180	341,180	341,180	—
Fund balances, end of year	\$341,180	\$16,180	\$710,516	\$694,336

City of Alpharetta
Drug Enforcement Fund
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2009

	Budget			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Forfeiture income	\$59,625	\$59,625	\$399,093	\$339,468
Investment earnings	7,875	7,875	11,826	3,951
Miscellaneous	–	45,000	–	(45,000)
Total revenues	67,500	112,500	410,919	298,419
Expenditures				
Current:				
Public safety	67,500	487,500	271,654	215,846
Total expenditures	67,500	487,500	271,654	215,846
Net changes in fund balances	–	(375,000)	139,265	514,265
Fund balances, beginning of year	433,413	433,413	433,413	–
Fund balances, end of year	\$433,413	\$58,413	\$572,678	\$514,265

City of Alpharetta
Grant Operating Fund
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2009

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Intergovernmental	\$40,450	\$250,326	\$180,873	\$(69,453)
Contributions and donations	18,027	—	—	—
Total revenues	58,477	250,326	180,873	(69,453)
Expenditures				
Current:				
Public works	—	18,114	18,114	—
Public safety	48,927	202,484	169,449	33,035
Culture and recreation	35,000	41,979	5,311	36,668
Contingencies	—	10,689	—	10,689
Total expenditures	83,927	273,266	192,874	80,392
Excess (deficiency) of revenues over expenditures	(25,450)	(22,940)	(12,001)	10,939
Other Financing Sources				
Transfers in	25,450	25,450	25,450	—
Total other financing sources	25,450	25,450	25,450	—
Net changes in fund balances	—	2,510	13,449	10,939
Fund balances, beginning of year	21,495	21,495	21,495	—
Fund balances, end of year	\$21,495	\$24,005	\$34,944	\$10,939

City of Alpharetta
Debt Service Fund

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2009

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Property taxes	\$7,401,841	\$7,401,841	\$7,449,471	\$47,630
Investment earnings	300,000	300,000	265,630	(34,370)
Miscellaneous	—	—	185	185
Total revenues	7,701,841	7,701,841	7,715,286	13,445
Expenditures				
Current:				
General government	15,000	15,000	3,000	12,000
Debt service:				
Principal	7,351,625	7,351,625	7,351,625	—
Interest	2,342,859	2,342,859	2,342,859	—
Cost of issuance	—	—	153,513	(153,513)
Total expenditures	9,709,484	9,709,484	9,850,997	(141,513)
Deficiency of revenues over expenditures	(2,007,643)	(2,007,643)	(2,135,711)	(128,068)
Other Financing Sources (Uses)				
Proceeds from bond issuance	—	—	8,620,000	8,620,000
Proceeds from premium on new bond	—	—	148,326	148,326
Refunding escrow payment	—	—	(8,624,872)	(8,624,872)
Transfers in	219,000	219,000	219,000	—
Total other financing sources (uses)	219,000	219,000	362,454	143,454
Net change in fund balances	(1,788,643)	(1,788,643)	(1,773,257)	15,386
Fund balances, beginning of year	10,648,494	10,648,494	10,648,494	—
Fund balances, end of year	\$8,859,851	\$8,859,851	\$8,875,237	\$15,386

FIDUCIARY FUNDS

Pension Trust Funds

Fiduciary funds are used to account for assets held by the government as a trustee or agent.

Regular Pension Fund

This fund is used to account for assets, city contributions and disbursements of the City's Regular Pension plan.

Enhanced Pension Fund

This fund is used to account for assets, city and employee contributions and disbursements of the City's Enhanced Pension plan.

City of Alpharetta Fiduciary Funds COMBINING STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2009

	Regular Plan	Enhanced Plan	Total Fiduciary Funds
<i>Assets</i>			
Cash	\$14,604	\$19,851	\$34,455
Mutual funds	7,837,428	10,701,986	18,539,414
Total assets	7,852,032	10,721,837	18,573,869
<i>Liabilities</i>			
Accounts payable	71,858	75,536	147,394
Total liabilities	71,858	75,536	147,394
<i>Net Assets</i>			
Assets held in trust for pension benefits	\$7,780,174	\$10,646,301	\$18,426,475

City of Alpharetta
Fiduciary Funds

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

For the Fiscal Year Ended June 30, 2009

	Regular Plan	Enhanced Plan	Total Fiduciary Funds
Additions			
Contributions:			
Employee contributions	—	\$399,049	\$399,049
Employer contributions	1,026,891	1,504,614	2,531,505
Transfer in of plan assets from regular plan	—	510,591	510,591
Total contributions	1,026,891	2,414,254	3,441,145
Investment income:			
Net depreciation in fair value of investments	(2,671,648)	(2,219,162)	(4,890,810)
Interest and dividends	1,781,222	17,317	1,798,539
Net investment income	(890,426)	(2,201,845)	(3,092,271)
Total additions	136,465	212,409	348,874
Deductions			
Benefit payments	636,874	6,658	643,532
Transfer out of plan assets to enhanced plan	510,591	—	510,591
Total deductions	1,147,465	6,658	1,154,123
Net increase (decrease)	(1,011,000)	205,751	(805,249)
Net Assets Held In Trust for Pension Benefits			
Beginning of year	8,791,174	10,440,550	19,231,724
End of year	\$7,780,174	\$10,646,301	\$18,426,475

City of Alpharetta
BALANCE SHEET
Component Unit - Development Authority
June 30, 2009

Assets

Cash	\$91,898
Receivables	35,340
Total assets	\$127,238

Liabilities and Fund Balance

Accounts payable	\$35,340
Total liabilities	35,340
Unreserved, undesignated	91,898
Total fund balance	91,898
Total liabilities and fund balance	\$127,238

City of Alpharetta
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
Component Unit - Development Authority
For the Fiscal Year Ended June 30, 2009

Revenues

Investment earnings	\$846,239
Contributions	317,452
Total revenues	1,163,691

Expenditures

Debt service:	
Principal	525,000
Interest	319,107
Issuance cost	177,736
Total expenditures	1,021,843
Deficiency of revenues over expenditures	141,848

Other Financing Sources (Uses):

Proceeds from bond issuance	6,544,706
Refunding outlays	(6,684,422)
Total other financing sources (uses)	(139,716)
Net change in fund balances	2,132
Fund balance, beginning of year	89,766
Fund balance, end of year	\$91,898

STATISTICAL SECTION



Statistical Section

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

<u>Contents</u>	<u>Pages</u>
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Financial Trends	90 - 95
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These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.

Revenue Capacity	96 - 98
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These schedules contain information to help the reader assess the government’s most significant local revenue source, property tax.

Debt Capacity	99 - 100
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These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.

Demographic and Economic Information	101
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.

Operating Information	102 - 104
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These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The government implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

City of Alpharetta
NET ASSETS BY COMPONENT
Last Seven Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
Governmental activities							
Invested in capital assets, net of related debt ²	\$175,867,666	\$167,306,416	\$159,669,387	\$82,695,772	\$31,096,624	\$18,081,075	\$15,452,957
Restricted	18,232,657	18,140,239	14,174,532	14,392,861	12,951,724	12,540,493	16,990,626
Unrestricted	25,022,020	25,645,599	24,814,424	22,444,151	14,828,584	13,125,220	5,389,140
Total governmental activities net assets	\$219,122,343	\$211,092,254	\$198,658,343	\$119,532,784	\$58,876,932	\$43,746,788	\$37,832,723
Business-type activities¹							
Invested in capital assets, net of related debt	—	—	—	—	—	\$2,598,670	\$2,597,943
Restricted	—	—	—	—	—	1,649,342	1,645,519
Unrestricted	982,404	843,883	630,455	467,185	435,139	460,343	269,267
Total business-type activities net assets	\$982,404	\$843,883	\$630,455	\$467,185	\$435,139	\$4,708,355	\$4,512,729
Primary government							
Invested in capital assets, net of related debt	\$175,867,666	\$167,306,416	\$159,669,387	\$82,695,772	\$31,096,624	\$20,679,745	\$18,050,900
Restricted	18,232,657	18,140,239	14,174,532	14,392,861	12,951,724	14,189,835	18,636,145
Unrestricted	26,004,424	26,489,482	25,444,879	22,911,336	15,263,723	13,585,563	5,658,407
Total primary government net assets	\$220,104,747	\$211,936,137	\$199,288,798	\$119,999,969	\$59,312,071	\$48,455,143	\$42,345,452

1. Changes in business-type activities between fiscal year 2005 and 2004 are largely due to the sale of the government's water system.
2. The increase in 2006 and 2007 is due to the implementation of the retroactive infrastructure component of GASB 34 during the year and an increase in annexations which resulted in a large addition to infrastructure.

City of Alpharetta
CHANGES IN NET ASSETS
Last Seven Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year						
<i>Expenses</i>	2009	2008	2007	2006	2005	2004	2003
Governmental activities ¹ :							
General government	\$13,555,184	\$12,534,856	\$11,261,061	\$8,990,207	\$8,380,030	\$5,736,222	\$7,089,104
Public safety	25,257,385	22,676,999	20,667,092	19,095,508	15,904,517	14,391,972	14,149,504
Public works	8,851,486	10,119,284	9,634,496	5,662,936	3,469,265	7,375,964	1,676,631
Community development	3,864,513	4,121,134	3,821,709	3,836,608	2,937,850	4,111,451	4,064,468
Culture and recreation	7,235,369	7,107,174	6,884,913	6,495,895	4,571,699	5,958,248	7,164,113
Interest on long-term debt	2,400,013	2,736,354	3,104,426	2,043,045	2,233,542	2,391,175	2,944,647
Total governmental activities expenses	61,163,950	59,295,801	55,373,697	46,124,199	37,496,903	39,965,032	37,088,467
Business-type activities:							
Water ²	—	—	—	—	7,641,035	3,495,165	3,713,758
Solid Waste	2,525,644	2,489,734	2,499,994	2,231,660	1,934,505	1,823,049	1,742,504
Total business-type activities expenses	2,525,644	2,489,734	2,499,994	2,231,660	9,575,540	5,318,214	5,456,262
Total primary government expenses	\$63,689,594	\$61,785,535	\$57,873,691	\$48,355,859	\$47,072,443	\$45,283,246	\$42,544,729
<i>Program Revenues</i>							
Governmental activities:							
Charges for services ³ :							
General government	\$4,461,205	\$4,169,775	\$4,053,626	\$4,299,561	\$641,391	\$560,148	\$465,150
Public safety	3,208,110	3,320,904	3,202,515	1,584,186	3,332,420	3,831,618	4,084,155
Public works	27,799	64,874	228,036	110,457	172,052	134,418	5,808
Community development	1,145,558 ⁶	2,198,050	2,842,438	2,432,818	3,721,024	1,491,721	1,646,156
Culture and recreation	1,968,879	2,061,190	1,985,418	1,962,193	2,089,562	1,654,132	1,699,412
Operating grants and contributions	689,900	273,823	1,129,000	116,537	74,860	68,360	65,818
Capital grants and contributions ⁴	3,962,277 ⁷	6,758,541	10,554,478	53,542,116	5,819,430	514,766	77,594
Total governmental activities program revenues	15,463,728	18,847,157	23,995,511	64,047,868	15,850,739	8,255,163	8,044,093
Business-type activities:							
Charges for service:							
Water ²	—	—	—	—	3,470,393	3,806,501	3,543,892
Solid waste	2,633,974	2,643,367	2,621,405	1,985,355	1,838,047	1,686,477	1,621,302
Total business-type activities program revenues	2,633,974	2,643,367	2,621,405	1,985,355	5,308,440	5,492,978	5,165,194
Total primary government program revenues	\$18,097,702	\$21,490,524	\$26,616,916	\$66,033,223	\$21,159,179	\$13,748,141	\$13,209,287
<i>Net (Expense)/Revenue:</i>							
Governmental activities	\$(45,700,222)	\$(40,448,644)	\$(31,378,186)	\$17,923,669	\$(21,646,164)	\$(31,709,869)	\$(29,044,374)
Business-type activities	108,330	153,633	121,411	(246,305)	(4,267,100)	174,764	(291,068)
Total primary government net expense	\$(45,591,892)	\$(40,295,011)	\$(31,256,775)	\$17,677,364	\$(25,913,264)	\$(31,535,105)	\$(29,335,442)

continued

City of Alpharetta
CHANGES IN NET ASSETS
Last Seven Fiscal Years
(Accrual Basis of Accounting)

continued

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Property taxes	\$26,400,456	\$25,223,033	\$22,438,746	\$21,015,938	\$18,591,907	\$17,327,608	\$17,441,980
Sales taxes	10,696,787	11,263,805	9,992,908	8,838,133	8,892,107	7,353,813	5,638,618
Franchise taxes ⁵	5,838,582	5,378,667	5,065,549	4,170,781	2,938,193	–	–
Hotel/Motel occupancy tax ⁵	3,062,307	3,674,176	3,479,163	3,130,740	2,705,566	–	–
Business taxes ⁵	3,155,734	3,138,828	3,054,027	2,835,449	2,632,855	–	–
Other taxes ⁵	1,793,318	1,841,631	1,937,671	1,886,529	1,614,539	12,223,068	11,359,475
Unrestricted investment earnings	1,333,572	2,363,020	3,179,417	1,105,481	975,868	204,192	660,410
Gain on sale of capital assets	–	–	–	–	23,351	14,095	35,303
Miscellaneous	–	–	–	–	80,706	501,158	878,320
Transfers	–	(605)	–	(250,868)	28,317	–	(60,000)
Total governmental activities	52,280,756	52,882,555	49,147,481	42,732,183	38,483,409	37,623,934	35,954,106
Business-type activities:							
Unrestricted investment earnings	30,191	59,190	41,859	27,483	22,201	10,643	26,211
Miscellaneous	–	–	–	–	–	10,189	4,581
Transfers	–	605	–	250,868	(28,317)	–	60,000
Total business-type activities	30,191	59,795	41,859	278,351	(6,116)	20,832	90,792
Total primary government	\$52,310,947	\$52,942,350	\$49,189,340	\$43,010,534	\$38,477,293	\$37,644,766	\$36,044,898
Change in Net Assets							
Governmental activities	\$6,580,534	\$12,433,911	\$17,769,295	\$60,655,852	\$16,837,245	\$5,914,065	\$6,909,732
Business-type activities	138,521	213,428	163,270	32,046	(4,273,216)	195,596	(200,276)
Total primary government	\$6,719,055	\$12,647,339	\$17,932,565	\$60,687,898	\$12,564,029	\$6,109,661	\$6,709,456

1. The changes in expenses are primarily due to capital expenditure variances from year to year.
2. The government sold the water system in 2005.
3. In 2006, charges for services were allocated among the functions differently than in prior years.
4. In 2006, the government's increased annexations resulted in a large addition to infrastructure which is reported as a capital contribution.
5. Franchise, Hotel/Motel occupancy, and Business taxes were included with Other taxes in 2003 and 2004.
6. In 2009, the economy across the state and country suffered causing the sale of construction license and permits to significantly decrease.
7. The City completed the Westside Parkway project in 2008 and this project was significantly supported from federal funds.
The completion of this project along with minimal donated assets resulted in the large decrease of capital grants and contributions.

City of Alpharetta
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
Last Seven Fiscal Years
(Accrual Basis of Accounting)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax ¹	Hotel/Motel Occupancy Tax ¹	Business Taxes ¹	Other Tax	Total
2003	\$17,441,980	\$5,638,618	—	—	—	\$11,359,475	\$34,440,073
2004	17,327,608	7,353,813	—	—	—	12,223,068	36,904,489
2005	18,591,907	8,892,107	\$2,938,193	\$2,705,566	\$2,632,855	1,614,539	37,375,167
2006	21,015,938	8,838,133	4,170,781	3,130,740	2,835,449	1,886,529	41,877,570
2007	22,438,746	9,992,908	5,065,549	3,479,163	3,054,027	1,937,671	45,968,064
2008	25,223,033	11,263,805	5,378,667	3,674,176	3,138,828	1,841,631	50,520,140
2009	26,400,456	10,696,787	5,838,582	3,062,307	3,155,734	1,793,318	50,947,184

1. These taxes previously reported under "Other Taxes" category for fiscal years 2003 and 2004.

City of Alpharetta
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2009	2008	2007	2006	2005
General fund					
Reserved	\$33,154	\$49,466	\$411,191	\$416,165	\$381,148
Unreserved	21,262,328	22,833,742	19,435,188	21,989,576	20,565,210
Total general fund	\$21,295,482	\$22,883,208	\$19,846,379	\$22,405,741	\$20,946,358
All other governmental funds					
Reserved	\$11,653,684	\$15,270,790	\$14,809,412	\$15,644,487	\$13,927,318
Unreserved, reported in:					
Special revenue funds	3,087,843	2,746,028	2,035,713 ²	129,081	46,402
Capital projects funds ¹	16,364,581	13,698,188	18,023,349	20,494,549	(2,687,361)
Total all other governmental funds	\$31,106,108	\$31,715,006	\$34,868,474	\$36,268,117	\$11,286,359

	2004	2003	2002	2001	2000
General fund					
Reserved	\$910,188	\$746,100	\$360,366	\$435,748	\$606,811
Unreserved	17,675,936	13,182,532	11,755,347	9,913,396	7,947,610
Total general fund	18,586,124	\$13,928,632	\$12,115,713	\$10,349,144	\$8,554,421
All other governmental funds					
Reserved	\$13,303,127	\$17,064,512	\$17,207,639	\$25,540,210	\$30,416,250
Unreserved, reported in:					
Special revenue funds	10,722	813,753	867,236	1,112,966	868,323
Capital project funds	—	—	—	—	—
Total all other governmental funds	\$13,313,849	\$17,878,265	\$18,074,875	\$26,653,176	\$31,284,573

1. The increase in 2006 is due to the issuance of the 2006 General Obligation Bonds.

2. During 2007, the City re-evaluated the reserved fund balances in its special revenue funds, and as a result is reporting more amounts as unreserved than in prior years.

City of Alpharetta
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2009	2008	2007	2006	2005
Revenues					
Property taxes	\$26,363,736	\$25,276,979	\$22,498,377	\$20,918,071	\$18,723,147
Sales tax	10,696,787	11,263,805	9,992,908	8,838,133	7,748,031
Other taxes	13,849,941	14,033,302	13,536,410	12,023,499	11,147,065
Licenses and permits	1,369,379 ³	2,241,052	2,650,990	2,428,720	2,276,966
Intergovernmental	2,654,411	4,789,371 ²	190,137	416,456	196,872
Contributions and donations	1,185,269	1,401,217	1,194,078 ¹	—	—
Charges for services	4,646,782	4,863,146	4,899,304	4,189,487	3,919,248
Impact fees	591,847	453,917	1,115,177	724,847	1,312,996
Fines and forfeitures	3,726,714	3,936,673	3,477,753	2,820,273	1,952,446
Investment earnings	1,204,047 ⁴	2,363,020	3,179,417	1,105,481	975,868
Miscellaneous	476,829	320,005	1,207,870	566,229	604,288
Total revenues	66,765,742	70,942,487	63,942,421	54,031,196	48,856,927
Expenditures					
General government	8,394,078	8,178,118	7,223,771	8,303,827	8,364,720
Public safety	23,656,964	21,584,771	19,858,875	16,924,195	14,540,215
Public works	7,312,275	6,929,946	5,762,199	3,595,196	3,381,817
Community development	3,741,557	4,083,613	3,890,550	3,557,433	2,863,836
Environmental services	—	—	—	—	—
Culture and recreation	6,303,376	6,453,642	6,043,546	5,466,088	5,643,779
Other	—	—	—	—	—
Capital outlay	9,724,389 ⁵	16,246,727	16,189,652	9,274,131	8,090,107
Debt service:					
Principal	7,624,937	7,316,818	6,345,025	4,856,725	4,309,250
Interest	2,438,731	2,745,648	2,807,337	2,006,528	2,194,637
Other charges	153,513	—	—	171,700	—
Total expenditures	69,349,820	73,539,283	68,120,955	54,155,823	49,388,361
Excess (deficiency) of revenues over (under) expenditures	(2,584,078)	(2,596,796)	(4,178,534)	(124,627)	(531,434)
Other Financing Sources (Uses)					
Transfers in	7,867,835	8,532,046	13,195,113	7,984,514	6,012,438
Transfers out	(7,867,835)	(8,532,651)	(13,195,113)	(8,235,382)	(5,984,082)
General obligation bond proceeds	8,620,000	—	—	26,290,000	—
Premium on bond issuance	—	—	—	520,136	—
Payments to refunding escrow	(8,624,872)	—	—	—	—
Capital leases	—	2,427,366	—	—	—
Sale of capital assets	244,000	53,396	219,529	6,500	227,259
Total other financing sources (uses)	239,128	2,480,157	219,529	26,565,768	255,615
Net change in fund balances	\$(2,344,950)	\$(116,639)	\$(3,959,005)	\$26,441,141	\$(275,819)
Debt service as a percentage of noncapital expenditures					
	16.9%	17.4%	19.8%	18.6%	18.7%
Total debt service expenditures	10,217,181	10,062,466	9,152,362	7,034,953	6,503,887
Total non-capital expenditures	60,507,757	57,895,569	46,322,696	37,846,739	34,794,367

1. Contributions and donations were included in Miscellaneous revenues in prior years. Contributions increased significantly in 2007 due to a one-time contribution of approximately \$1 million.

2. The City received more grant funding in 2008 than in prior years.

3. In 2009, the economy across the state and country suffered causing the sale of construction license and permits to significantly decrease.

4. In 2009, the economy across the state and country suffered causing interest rates to drop.

5. The City completed the Westside Parkway project in 2008, which was a multi million dollar project. In 2009 the City did not have any large construction projects on-going.

continued

City of Alpharetta
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years *continued*

(Modified Accrual Basis of Accounting)

	2004	2003	2002	2001	2000
Revenues					
Property taxes	\$17,230,919	\$17,594,524	\$17,594,368	\$16,657,914	\$16,538,295
Sales tax	7,353,813	5,638,618	—	—	—
Other taxes	12,111,232	11,359,475	12,724,882	13,229,960	10,176,359
Licenses and permits	1,321,281	1,096,780	1,433,757	2,198,676	2,587,950
Intergovernmental	1,171,126	470,698	1,177,823	958,311	418,308
Contributions and donations	—	—	—	—	—
Charges for services	3,311,125	3,292,827	3,362,948	3,422,067	4,078,572
Impact fees	425,190	760,135	722,324	1,258,504	2,861,705
Fines and forfeitures	2,358,334	2,084,267	936,527	468,886	462,580
Investment earnings	204,192	660,410	900,452	2,306,975	2,248,737
Miscellaneous	508,612	868,793	169,299	427,064	500,863
Total revenues	45,995,824	43,826,527	39,022,380	40,928,357	39,873,369
Expenditures					
General government	8,242,792	7,468,563	6,623,667	7,967,575	7,075,001
Public safety	13,349,993	12,375,049	11,753,268	10,088,217	7,468,974
Public works	3,001,165	3,150,609	3,858,352	3,730,234	4,407,066
Community development	2,659,983	3,807,186	—	—	—
Environmental services	—	—	352,538	329,794	240,963
Culture and recreation	5,452,189	4,976,514	4,591,862	4,375,821	3,606,710
Other	—	—	2,218,559	—	5,158
Capital outlay	7,030,850	4,004,921	10,880,338	11,043,110	11,301,944
Debt service:					
Principal	3,800,950	3,840,106	3,314,503	2,555,498	2,532,019
Interest	2,378,921	2,529,581	2,453,714	3,507,597	3,098,360
Other charges	—	32,992	—	—	—
Total expenditures	45,916,843	42,185,521	46,046,801	43,597,846	39,736,195
Excess (deficiency) of revenues over (under) expenditures	78,981	1,641,006	(7,024,421)	(2,669,489)	137,174
Other Financing Sources (Uses)					
Transfers in	3,193,088	4,705,000	4,596,140	2,960,349	7,231,960
Transfers out	(3,193,088)	(4,765,000)	(4,763,444)	(3,390,149)	(7,231,960)
General obligation bond proceeds	—	—	—	—	—
Premium on bond issuance	—	—	—	—	—
Payments to refunding escrow	—	—	—	—	—
Capital leases	—	—	—	260,089	312,724
Sale of capital assets	14,095	35,303	379,993	2,526	82,238
Total other financing sources (uses)	14,095	(24,697)	212,689	(167,185)	394,962
Net change in fund balances	\$93,076	\$1,616,309	\$(6,811,732)	\$(2,836,674)	\$532,136
Debt service as a percentage of noncapital expenditures	18.9%	20.1%	19.6%	22.9%	24.7%
Total debt service expenditures	6,179,871	6,402,679	5,768,217	6,063,095	5,630,379
Total non-capital expenditures	32,706,122	31,777,921	29,398,246	26,491,641	22,803,872

City of Alpharetta
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
Last Seven Fiscal Years

(Modified Accrual Basis of Accounting)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Motor Vehicle Tax	Alcoholic Beverage Tax	Other Taxes	Total
2003	\$17,594,524	\$5,638,618	\$3,072,835	\$1,208,121	\$1,018,646	\$6,059,873	\$34,592,617
2004	17,230,919	7,353,813	3,209,350	1,273,631	1,071,032	6,557,219	36,695,964
2005	18,723,147	7,748,031	2,938,193	1,259,788	1,144,076	5,805,008	37,618,243
2006	20,918,071	8,838,133	4,170,781	1,422,656	1,247,570	5,182,492	41,779,703
2007	22,498,377	9,992,908	5,065,549	1,428,013	1,274,349	5,768,499	46,027,695
2008	25,276,979	11,263,805	5,378,667	1,360,329	1,309,253	5,985,053	50,574,086
2009	26,363,736	10,696,787	5,838,582	1,236,082	1,344,642	5,430,635	50,910,464

Note: Other taxes include intangible, real estate transfer, hotel/motel, business & occupation, insurance premium, and financial institution taxes.

City of Alpharetta
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE - ALL TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential	Commercial	Motor Vehicles	Other					
2000	679,825,149	1,199,760,731	82,902,406	180	149,173,042	1,813,315,424	7.88	4,906,221,165	40.00%
2001	734,164,270	1,384,443,620	105,730,867	180	130,818,443	2,093,520,494	7.88	5,560,847,343	40.00%
2002	824,109,741	1,555,238,056	125,069,600	—	134,442,791	2,369,974,606	7.48	6,261,043,493	40.00%
2003	950,097,600	1,655,525,492	149,126,970	180	193,552,450	2,561,197,792	7.23	6,886,875,605	40.00%
2004	1,039,727,230	1,719,450,312	162,044,513	45,870	287,138,088	2,634,129,837	7.00	7,303,169,813	40.00%
2005	1,101,782,470	1,852,175,974	166,615,420	18,563	291,445,159	2,829,147,268	7.00	7,801,481,068	40.00%
2006	1,240,207,540	1,825,547,513	180,951,120	72,799	317,149,382	2,929,629,590	7.00	8,116,947,430	40.00%
2007	1,518,944,750	2,040,496,402	191,384,580	11,180	357,722,090	3,393,114,822	6.60	9,377,092,280	40.00%
2008	2,014,574,410	2,223,045,288	208,677,560	24,087	436,052,018	4,010,269,327	6.25	11,115,803,363	40.00%
2009	2,073,091,570	2,873,418,525	209,980,220	24,950	479,617,470	4,676,897,795	5.75	12,891,288,163	40.00%

Source: Georgia Department of Revenue, Property Tax Division

Notes: Property in the County is assessed annually. The County assesses property at approximately 40 percent of actual value for all types of real and personal property.

Estimated actual value is calculated by dividing the assessed value by those percentages. Tax rates are per \$1,000 of assessed value.

Real property values include tax-exempt property.

Homestead exemption was increased to \$20,000 per household in fiscal year 2001.

Homestead exemption was increased to \$30,000 per household in fiscal year 2008.

City of Alpharetta
PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS
Per \$1,000 of Assessed Value
Last Ten Fiscal Years

Fiscal Year	Tax Year	City of Alpharetta			Fulton County			School District			State	Direct & Overlapping Rates
		General Obligation			General Obligation			General Obligation				
		Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage		
2000	1999	5.170	2.710	7.880	13.030	0.660	13.690	19.860	0.900	20.760	0.250	42.580
2001	2000	4.930	2.950	7.880	13.310	0.380	13.690	19.350	0.800	20.150	0.250	41.970
2002	2001	5.060	2.420	7.480	13.040	0.300	13.340	18.260	0.760	19.020	0.250	40.090
2003	2002	4.900	2.330	7.230	12.527	0.280	12.807	18.460	0.310	18.770	0.250	39.057
2004	2003	4.750	2.250	7.000	12.052	0.270	12.322	17.758	0.298	18.056	0.250	37.628
2005	2004	4.700	2.300	7.000	11.581	0.066	11.647	17.315	0.291	17.606	0.250	36.503
2006	2005	4.550	2.450	7.000	11.581	0.064	11.645	17.825	0.282	18.107	0.250	37.002
2007	2006	4.150	2.450	6.600	11.407	0.063	11.470	17.825	0.282	18.107	0.250	36.427
2008	2007	4.508	1.740	6.248	10.281	0.000	10.281	16.904	1.189	18.093	0.250	34.872
2009	2008	4.215	1.535	5.750	10.281	0.000	10.281	16.403	1.099	17.502	0.250	33.783

Source: Georgia Department of Revenue, Property Tax Division

Overlapping rates are those of local and county governments that apply to property owners within the City of Alpharetta.

City of Alpharetta
SALES TAX RATES - ALL OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

Fiscal Year	State of Georgia	Local Option Sales Tax	Metropolitan Atlanta Regional Transportation	Fulton County Board of Education	Total Overlapping Rates
2000	4 %	1 %	1 %	1 %	7%
2001	4	1	1	1	7
2002	4	1	1	1	7
2003	4	1	1	1	7
2004	4	1	1	1	7
2005	4	1	1	1	7
2006	4	1	1	1	7
2007	4	1	1	1	7
2008	4	1	1	1	7
2009	4	1	1	1	7

Source: Georgia Department of Revenue, Property Tax Division

Overlapping rates are those of local and county governments that apply to property owners within the City of Alpharetta.

The City of Alpharetta received 5.2% of the Local Option Sales Tax collected on a county-wide basis.

City of Alpharetta
PRINCIPAL PROPERTY TAXPAYERS
Current and Nine Years Ago

Taxpayer	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
GGP North Point Inc	\$67,468,760	1	1.44%	\$29,091,320	3	1.60%
Cousins Properties	61,878,460	2	1.32	—	—	—
Sanctuary Park Realty Holding	58,120,320	3	1.24	—	—	—
Duke Realty	51,817,830	4	1.11	—	—	—
CH Realty IV Royal Centre LLC	36,000,000	5	0.77	—	—	—
Northside Ventures Inc.	32,679,320	6	0.70	—	—	—
Weeks Realty LP	30,370,440	7	0.65	—	—	—
Metropolitan Life Insurance Co	28,710,920	8	0.61	—	—	—
Amli	27,285,720	9	0.58	—	—	—
HBO & CO of GA	22,597,560	10	0.48	16,878,870	6	0.93
AT & T ¹	—	—	—	37,227,280	1	2.05
IBM Credit Corporation	—	—	—	32,753,130	2	1.81
Gardner Drive	—	—	—	18,436,160	4	1.02
AT & T ¹	—	—	—	16,912,160	5	0.93
E*Trade Group Inc.	—	—	—	15,041,750	7	0.83
State Farm Mutual Auto. ¹	—	—	—	14,600,000	8	0.81
State Farm Mutual Auto. ¹	—	—	—	12,872,450	9	0.71
Governors Point Properties	—	—	—	9,766,840	10	0.54
	\$416,929,330		8.91%	\$203,579,960		11.23 %

Source: Fulton County Board of Assessors

1. In 2000 there were two locations for the AT&T and State Farm Mutual Auto, each of which were individually a top ten taxpayer.

City of Alpharetta
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year	Tax Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Pct. of Levy		Amount	Pct. of Levy
2000	1999	\$13,992,591	\$13,194,833	94.30 %	\$790,420	\$13,985,253	99.95%
2001	2000	15,596,114	15,143,169	97.10	444,707	15,587,876	99.95
2002	2001	16,654,812	16,279,679	97.75	340,949	16,620,628	99.79
2003	2002	17,449,713	17,136,171	98.20	285,762	17,421,933	99.84
2004	2003	17,242,314	16,935,962	98.22	257,194	17,193,156	99.71
2005	2004	18,264,892	18,188,800	99.58	(19,622) ¹	18,169,178	99.48
2006	2005	19,464,408	19,277,210	99.04	248,474	19,525,684	100.31
2007	2006	21,101,305	20,926,995	99.17	355,420	21,282,415	100.86
2008	2007	23,529,629	23,144,721	98.36	413,171	23,557,892	100.12
2009	2008	24,740,514	24,170,200	97.69	—	24,170,200	97.69

1. There was a change to the 2004 digest which resulted in refunds.

City of Alpharetta
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Capital Leases	Notes Payable	Revenue Bonds	Capital Leases			
2000	\$55,500,000	\$1,288,188	1,749,000	\$2,320,000	\$18,328	\$60,875,516	5.88%	\$2,041
2001	53,640,000	899,897	1,707,750	2,160,000	12,627	58,420,274	5.15	2,029
2002	51,185,000	455,810	1,641,750	1,995,000	—	55,277,560	4.07	1,650
2003	48,865,000	—	1,573,275	1,825,000	—	52,263,275	3.82	1,532
2004	45,135,000	—	1,502,325	1,645,000	—	48,282,325	3.57	1,409
2005	40,900,000	—	1,428,075	—	—	42,328,075	3.30	1,301
2006	62,410,000	—	1,351,350	—	—	63,761,350	2.80	1,106
2007	56,145,000	—	1,271,325	—	—	57,416,325	2.40	1,120
2008	49,220,000	2,118,873	1,188,000	—	—	52,526,873	2.15	1,005
2009	42,050,000	1,845,561	971,850	—	—	44,867,411	1.82	857

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements.

1. See the Schedule of Demographic and Economic Statistics within this section for personal income and population data.

City of Alpharetta
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property ¹	Per Capita ²
2000	\$55,500,000	1.13%	\$1,850
2001	53,640,000	0.96	1,515
2002	51,185,000	0.82	1,419
2003	48,865,000	0.71	1,317
2004	45,135,000	0.62	1,216
2005	40,900,000	0.52	1,069
2006	62,410,000	0.77	1,294
2007	56,145,000	0.60	1,096
2008	49,220,000	0.44	941
2009	42,050,000	0.33	803

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements.

1. See the Schedule on Assessed Value and Estimated Actual Value of Taxable Property for property value data.

2. Population data can be found in the schedule of Demographic and Economic Statistics.

City of Alpharetta

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2009

	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City of Alpharetta ¹	Amount Applicable to City of Alpharetta
Overlapping General Obligation Debt:			
Fulton County	\$1,760,000	8.1%	\$142,560
Fulton County School District	178,755,000	13.7%	24,489,435
Subtotal, overlapping debt	180,515,000		24,631,995
City of Alpharetta direct debt	42,050,000	100.0%	42,050,000
Total direct and overlapping debt	\$222,565,000		\$66,681,995

Sources: Assessed value data used to estimate applicable percentages provided by Fulton County Board of Assessors.

Debt outstanding data provided by Fulton County.

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

1. The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the government's boundaries and dividing it by the County's total taxable assessed value.

City of Alpharetta

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Debt limit	\$515,651,527	\$444,632,135	\$375,083,691	\$324,677,897	\$312,059,243	\$292,126,793	\$285,307,902	\$250,441,740	\$233,798,932	\$159,193,770
Total net debt applicable to limit	33,174,763	38,571,506	45,435,910	55,542,002	37,264,279	43,713,374	47,740,553	51,805,520	54,607,811	56,490,402
Legal debt margin	\$482,476,764	\$406,060,629	\$329,647,781	\$269,135,895	\$274,794,964	\$248,413,419	\$237,567,349	\$198,636,220	\$179,191,121	\$102,703,368
Total net debt applicable to the limit as a percentage of debt limit	6%	9%	12%	17%	12%	15%	17%	21%	23%	35%

Legal Debt Margin Calculation for Current Fiscal Year

Assessed value	\$4,676,897,795
Add back: exempt real property	479,617,470
Total assessed value	5,156,515,265
Debt limit (10% of total assessed value)	515,651,527
Debt applicable to limit:	
General obligation bonds	42,050,000
Less: Amount set aside for repayment of general obligation debt	(8,875,237)
Total net debt applicable to limit	33,174,763
Legal debt margin	\$482,476,764

City of Alpharetta
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Fiscal Year	Population ¹	Personal Income	Per Capita Personal Income ²	Median Age ³	Education Levels in Years of Formal Schooling ⁴	School Enrollment ⁴	Unemployment Rate ²
2000	30,000	\$1,182,960,000	\$39,432	34.0	16.0	17,067	2.5%
2001	35,406	1,435,465,458	40,543	33.3	16.0	18,723	2.9
2002	36,079	1,445,649,451	40,069	35.0	16.0	19,592	4.4
2003	37,090	1,462,532,880	39,432	33.0	16.0	19,154	2.4
2004	37,124	1,463,873,568	39,432	33.3	16.0	19,536	2.1
2005	38,274	1,509,220,368	39,432	33.0	16.0	19,567	4.5
2006	48,240	1,902,199,680	39,432	33.0	16.0	19,598	3.5
2007	51,243	2,393,048,100	46,700	35.6	16.0	18,966	3.0
2008	52,282	2,441,569,400	46,700	35.7	16.0	18,354	3.7
2009	52,334	2,470,060,132	47,198	36.3	16.0	11,639	3.6

Data sources:

1. Bureau of the Census/County Regional Planning Commission

2. State Department of Labor

3. State Department of Commerce

4. School District, with school enrollment for fiscal year 2006 estimated based upon trend data. Reduction in school enrollment in 2009 due to adjustment for incorporation of City of Milton

Note: Population, median age, and education level information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

City of Alpharetta
PRINCIPAL EMPLOYERS
Current Year and Eight Years Ago
As of December 31

Employer	2009			2001		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
AT&T Mobility	3,500	1	3.31%	2,700	1	2.32%
Verizon	3,000	2	2.84	1,500	5	1.29
ADP	2,100	3	1.99	—	—	—
McKesson HBOC	1,500	4	1.42	1,722	4	1.48
Hewlett Packard	1,200	5	1.14	—	—	—
Choice Point	1,100	6	1.04	650	10	0.56
UPS Supply Chain Solutions	880	7	0.83	—	—	—
AIG Agency Auto	800	8	0.76	—	—	—
Comcast Cable	750	9	0.71	—	—	—
Lucent Technologies	700	10	0.66	1,119	6	0.96
Nortel Networks	—	—	—	2,700	2	2.32
Compaq	—	—	—	1,810	3	1.55
WorldCom	—	—	—	1,000	7	0.86
Radiant Systems	—	—	—	1,000	8	0.86
MetLife	—	—	—	800	9	0.69
	15,530		14.70%	15,001		12.89%

Source: City of Alpharetta Community Development Department

Note: Data for periods prior to 2001 is not available

City of Alpharetta
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

<i>Function</i>	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General government										
Mayor and City Council										
Elected officials	7	7	7	6	7	7	7	7	7	7
City Administrator										
Full-time personnel	7	6	7	7	5	8	9	7	7	7
Part-time personnel	-	1	2	2	1	-	-	-	-	-
City Clerk										
Full-time personnel	2	2	2	2	3	-	-	-	-	-
Engineering										
Full-time personnel	29	26	28	23	23	21	20	20	17	17
Environmental Services										
Full-time personnel	-	-	-	-	-	-	-	-	5	-
Finance										
Full-time personnel	24	24	22	21	21	22	22	20	14	13
Part-time personnel	1	-	-	-	2	2	1	2	-	-
Human Resources										
Full-time personnel	3	3	6	6	6	6	6	6	5	4
Municipal Court										
Elected officials	1	1	1	1	1	1	1	1	1	1
Full-time personnel	7	8	8	6	6	6	5	3	3	3
Part-time personnel	1	-	-	-	1	-	-	1	1	1
Public Information										
Full-time personnel	1	1	1	1	2	2	2	-	-	-
Technology Services										
Full-time personnel	11	12	9	8	8	6	5	5	5	5
Part-time personnel	-	-	-	-	-	-	1	1	1	-
Community Development										
Full-time personnel	21	21	21	18	20	20	20	20	20	20
Public Safety										
Police										
Full-time certified officers	104	104	102	84	76	74	72	70	62	66
Full-time uncertified officers	-	-	-	3	1	-	-	1	2	-
Full-time civilian	34	32	30	27	30	30	27	34	36	29
Part-time civilian	6	3	8	2	3	3	3	-	-	-
Fire										
Full-time certified firefighters	93	94	86	77	83	81	74	69	64	62
Part-time certified firefighters	1	-	3	3	3	3	3	3	4	4
Full-time uncertified firefighters	-	-	3	6	1	-	4	5	2	5
Full-time support personnel	-	-	1	1	1	1	1	1	1	1
Public works										
Full-time personnel	33	33	28	31	35	35	35	31	24	22
Culture and recreation										
Full-time personnel	51	51	51	50	50	50	50	49	44	44
Total	437	429	426	385	389	378	368	356	325	311

Source: City of Alpharetta Budget Office

City of Alpharetta
OPERATING INDICATORS BY FUNCTION
Last Seven Fiscal Years

Function	2009	2008	2007	2006	2005	2004	2003
General government							
Ordinances approved	35	40	30	30	25	30	22
Special events held	65	61	35	38	39	38	38
Court cases heard	12,449	12,428	12,527	12,342	12,499	12,342	11,733
Bond rating	Aa1-AAA	Aa1-AAA	Aa1-AAA	Aa1-AA+	Aa1-AA+	Aa1-AA+	Aa1-AA+
Software applications supported	179	80	70	68	66	60	55
Grants managed	30	34	34	26	17	16	-
Police							
Calls for service	74,966	98,223	80,229	52,056	45,731	52,056	50,266
Part 1 crimes reported	1,126	1,899	2,077	1,922	1,445	1,727	1,661
Traffic citations issued	18,727	17,519	19,197	16,100	15,290	22,860	24,757
Fire							
Incident responses	6,197	5,939	5,590	5,113	5,119	4,909	4,472
Average response time	6:24	4:23	5:24	5:29	12:04	12:04	12:04
Fire safety programs conducted	126	100	395	203	299	203	321
Inspections conducted	7,404	5,093	6,456	4,646	5,753	4,646	3,619
Highways and streets							
Traffic signals timed	56	N/A	82	N/A	41	N/A	N/A
Average days to repair pothole	2	1	2	25	2	25	N/A
Stormwater plans reviewed	161	260	224	68	60	68	82
Community development							
New building permits issued	3,352	3,692	4,821	3,855	3,800	3,855	3,794
Parcels annexed	-	2	36	352	352	352	91
Culture and recreation							
Park acres maintained	311	306	306	300	306	300	300
Greenway acres maintained	205	200	200	200	200	200	200
Annual program registrants	21,135	23,597	23,777	23,500	23,791	23,500	23,612

Source: Various City departments

Note: Indicators are not available prior to 2003

City of Alpharetta
CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years

<i>Function</i>	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units and support vehicles	145	138	115	110	97	89	86	72	75	58
Police motorcycles	7	6	5	6	6	4	6	6	2	3
Fire										
Fire stations	6	6	6	6	4	5	5	5	5	5
Ladder units - in service	1	1	2	2	3	2	2	2	2	2
Ladder units - reserve	1	1	-	-	1	1	1	1	1	-
Pumper units - in service	6	6	6	6	5	5	5	5	5	5
Pumper units - reserve	2	2	2	2	2	2	2	2	2	2
Highways and streets										
Streets - paved (miles)	270	270	270	257	217	211	206	200	194	189
Streets - unpaved (miles)	1	2	2	2	1	2	2	2	2	2
Sidewalk (miles)	202	204	170	143	116	N/A	N/A	N/A	N/A	N/A
Drainage - piped (miles)	100	99	99	90	40	40	40	35	34	35
Drainage - open (miles)	165	165	165	157	140	140	140	143	143	143
Culture and recreation										
Parks - active and passive	11	9	9	9	9	7	7	7	7	7
Park acreage	762	757	760	769	769	769	764	537	537	537
Greenway and walking trails (miles)	11	11	11	11	11	10	6	6	6	4
Adaptive athletic fields	1	1	1	1	1	-	-	-	-	-
Athletic fields	28	29	29	29	29	29	28	28	28	28
Equestrian facilities	1	1	1	1	1	1	1	1	1	1
Hockey rinks	2	2	2	2	2	2	2	2	2	2
Swimming pools	1	2	2	2	2	2	2	1	1	1
Tennis courts	17	17	17	17	17	17	17	11	11	3
Recreation buildings	18	18	11	11	11	11	11	7	7	7
Playgrounds	7	7	7	6	6	5	4	4	4	4
Picnic shelters/restrooms	31	29	24	23	23	23	21	15	15	15

Sources: Various government departments

Note: Capital asset indicators are not available for the general government function

NOTES





Department of Finance
2970 Webb Bridge Road
Alpharetta, GA 30009