

# Alpharetta

GEORGIA • U S A

## Comprehensive Annual Financial Report

For the Fiscal Year  
Ended June 30, 2011





**CITY OF ALPHARETTA, GEORGIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2011**

Prepared By:  
Thomas G. Harris, CPA  
Director of Finance

Submitted By:  
Robert J. Regus  
City Administrator



## **INTRODUCTORY SECTION**

---

**CITY OF ALPHARETTA, GEORGIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

---

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>INTRODUCTORY SECTION</b>	
Table of Contents.....	i - iii
Letter of Transmittal .....	iv - ix
Certificate of Achievement for Excellence in Financial Reporting.....	x
List of Elected and Appointed Officials .....	xi
Organizational Chart.....	xii
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report .....	1-3
Management's Discussion and Analysis .....	3-15
<b>Basic Financial Statements:</b>	
<b>Government-wide Financial Statements:</b>	
Statement of Net Assets .....	16
Statement of Activities .....	17
<b>Fund Financial Statements:</b>	
Balance Sheet – Governmental Funds .....	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	20
Statement of Net Assets – Proprietary Funds .....	21
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds .....	22
Statement of Cash Flows - Proprietary Funds .....	23
Statement of Fiduciary Net Assets - Pension Trust Funds .....	24
Statement of Changes in Fiduciary Net Assets - Pension Trust Funds .....	25
Notes to Financial Statements .....	26-63
<b>Required Supplementary Information:</b>	
Schedules of Funding Progress – Retirement Plans.....	64
Schedules of Employer Contributions – Retirement Plans .....	65
Schedule of Funding Progress – Other Post-Employment Benefits .....	66
General Fund – Budgetary Comparison Schedule – GAAP Basis .....	67 and 68
<b>Combining and Individual Fund Financial Statements and Schedules:</b>	
Combining Balance Sheet – Nonmajor Governmental Funds .....	69

# CITY OF ALPHARETTA, GEORGIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

### FOR THE FISCAL YEAR ENDED JUNE 30, 2011

#### TABLE OF CONTENTS

	<u>Page</u>
<b>FINANCIAL SECTION (Continued)</b>	
Combining and Individual Fund Financial Statements and Schedules: (Continued)	
Combining Statement of Revenues, Expenditures, and Changes in Fund	
Balances – Nonmajor Governmental Funds .....	70
Hotel Motel Fund – Schedule of Revenues, Expenditures, and Changes in	
Fund Balances – Budget and Actual.....	71
Impact Fee Fund – Schedule of Revenues, Expenditures, and Changes in	
Fund Balances – Budget and Actual.....	72
Drug Enforcement Fund – Schedule of Revenues, Expenditures, and Changes in	
Fund Balances – Budget and Actual.....	73
Grant Operating Fund – Schedule of Revenues, Expenditures, and Changes in	
Fund Balances – Budget and Actual.....	74
E911 Fund – Schedule of Revenues, Expenditures, and Changes in	
Fund Balances – Budget and Actual.....	75
Debt Service Fund – Schedule of Revenues, Expenditures, and Changes in	
Fund Balances – Budget and Actual.....	76
Combining Statement of Fiduciary Net Assets – Fiduciary Funds .....	77
Combining Statement of Changes in Fiduciary Net Assets – Fiduciary Funds.....	78
Discretely Presented Component Unit – Development Authority of Alpharetta	
Balance Sheet.....	79
Statement of Revenues, Expenditures, and Changes in Fund Balance.....	80
<b>STATISTICAL SECTION</b>	
Financial Trends:	
Net Assets by Component .....	81
Changes in Net Assets .....	82 and 83
Governmental Activities Tax Revenues by Source.....	84
Fund Balances of Governmental Funds.....	85
Changes in Fund Balances of Governmental Funds .....	86
Revenue Capacity:	
General Governmental Tax Revenues by Source .....	87
Assessed Value and Estimated Actual Value - All Taxable Property .....	88
Property Tax Rates – All Overlapping Governments .....	89
Sales Tax Rates – All Overlapping Governments .....	90
Principal Property Taxpayers .....	91
Property Tax Levies and Collections.....	92

**CITY OF ALPHARETTA, GEORGIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

---

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>STATISTICAL SECTION (Continued)</b>	
<b>Debt Capacity:</b>	
Ratios of Outstanding Debt by Type .....	93
Ratios of General Bonded Debt Outstanding .....	94
Direct and Overlapping Governmental Activities Debt.....	95
Legal Debt Margin Information.....	96
<b>Demographic and Economic Information:</b>	
Demographic and Economic Statistics .....	97
Principal Employers .....	98
<b>Operating Information:</b>	
Full-Time Equivalent City Government Employees by Function.....	99
Operating Indicators by Function .....	100
Capital Asset Statistics by Function .....	101



December 13, 2011

**MAYOR**

Arthur Letchas

**COUNCIL**

D.C. Aiken

Mike Kennedy

Donald F. Mitchell

Cheryl Oakes

Chris Owens

Jim Paine

**CITY ADMINISTRATOR**

Robert J. Regus

**CITY HALL**

Two South Main Street

Alpharetta, Georgia 30009

Tel: 678.297.6000

Fax: 678.297.6001

**24-HOUR INFORMATION**

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



**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, 2011. 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, LLC, have issued an unqualified ("clean") opinion on the City of Alpharetta's financial statements for the year ended June 30, 2011. 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 bankruptcy. 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 57,571. Population growth has been fueled in part by the City's strong economic base as well as the annexation of surrounding communities. With the 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 with- in 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 feeling the effects of reduced economic activity in our revenue trends, particularly revenues related to real estate (e.g. property taxes).

Alpharetta is home to many large computer software, telecommunication, financial, and professional service companies such as McKesson, ADP, Hewlett Packard, IBM Technologies, LexisNexis, Verizon, 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 the 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 should be submitted in line with the City's revenue trends. Even with added cost drivers such as healthcare, fuel, and utilities, departments responded with base operating budgets, for each activity and program, streamlined to function within the new revenue constraints.

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. The City levied a millage rate of 5.75 in fiscal year 2011 which, while flat with fiscal year 2010, represents a tax reduction for many property owners as the value of property within the City has declined. The city's competitive tax rate, coupled with a substantial Homestead Exemption goes great lengths in keeping Alpharetta not only an affordable place to live, but also strategically positions us relative to neighboring areas. The Homestead Exemption for FY 2011 totaled \$35,000 and increased to \$40,000 for FY 2012. It should be noted that the \$40,000 Homestead Exemption our City offers is equivalent to a 1.5 mill reduction for the average homeowner.

At the end of the current fiscal year, total fund balance for the general fund was \$20,565,041, which is an increase of \$1,685,687 from the prior year. Approximately 22% of total fund balance, or \$4,441,136, constitutes assigned fund balance for 2012 fiscal year expenditures.

Approximately 78% of total fund balance, or \$16,123,905, constitutes unassigned fund balance. This balance represents approximately 32% of 2012 budgeted expenditures. By ordinance, the City has mandated that such balance not be less than 16% of budgeted expenditures. This requirement allows the City to maintain an adequate reserve to cover unforeseen emergencies and/or revenue shortfalls. However, the current budgetary practice has been to reserve at least 21% for such purposes, representing \$10,600,000 at fiscal year end. The surplus after such emergency reserve will allow the City to fully cover the OPEB actuarial accrued liability of \$862,110 and fund one-time future capital in the amount of \$4,661,795 as part of the annual budget to be developed for fiscal year 2013

These fund balances have resulted from the use of prudent fiscal policies and conservative budget practices and help to ensure the City's long-term financial 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 approximately \$5 million. With these reserves, the City did 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 2011, the City continued working towards completion on 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 \$5 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. During the year, the City continued to negotiate with the owners of the only unopened portion of the road (Old Milton Parkway to Webb Bridge Road). The negotiation was completed by December, 2011 and the road will be opened in calendar year 2012.

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.

Also during 2011, the City allocated \$13.4 million of funding from various sources (e.g. General Fund, Drug Enforcement Agency Fund, Bond Fund proceeds, contribution from the Alpharetta Business Community, etc.) towards the capital improvement program. Projects funded include: milling and resurfacing of roadways (\$2,600,000); recurring traffic infrastructure maintenance (e.g. signal system, striping, etc: \$500,000); recurring storm/drainage maintenance (\$100,000); sidewalks for Windward and North Point Parkways (\$1,025,000); bridge maintenance (\$400,000); telephony upgrade (voice over internet protocol) (\$350,000); artificial turf fields for Wills Park and North Park (\$1,518,000); city-wide fleet additions/replacements (\$847,000); etc.

In November 2011, the residents of Alpharetta overwhelmingly approved a referendum calling for the issuance of general obligation bonds in the principal amount of \$29,000,000. The bonds are to be issued for the purpose of funding the cost of providing for the acquisition, development, construction and equipping of a new city hall, a related parking structure and surrounding green space in downtown Alpharetta. Because the City will be retiring significant outstanding debt at the end of fiscal year 2013, the current debt is serviceable within our current millage rate structure.

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, 2010. 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 22<sup>nd</sup> 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, 2010. 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 8<sup>th</sup> 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, 2011. 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 8<sup>th</sup> 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, 2010

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.



*Linda C. Danison*

President

*Jeffrey R. Enen*

Executive Director

**CITY OF ALPHARETTA, GEORGIA**  
**LIST OF ELECTED AND APPOINTED OFFICIALS**  
**JUNE 30, 2011**

---

**Elected Officials**

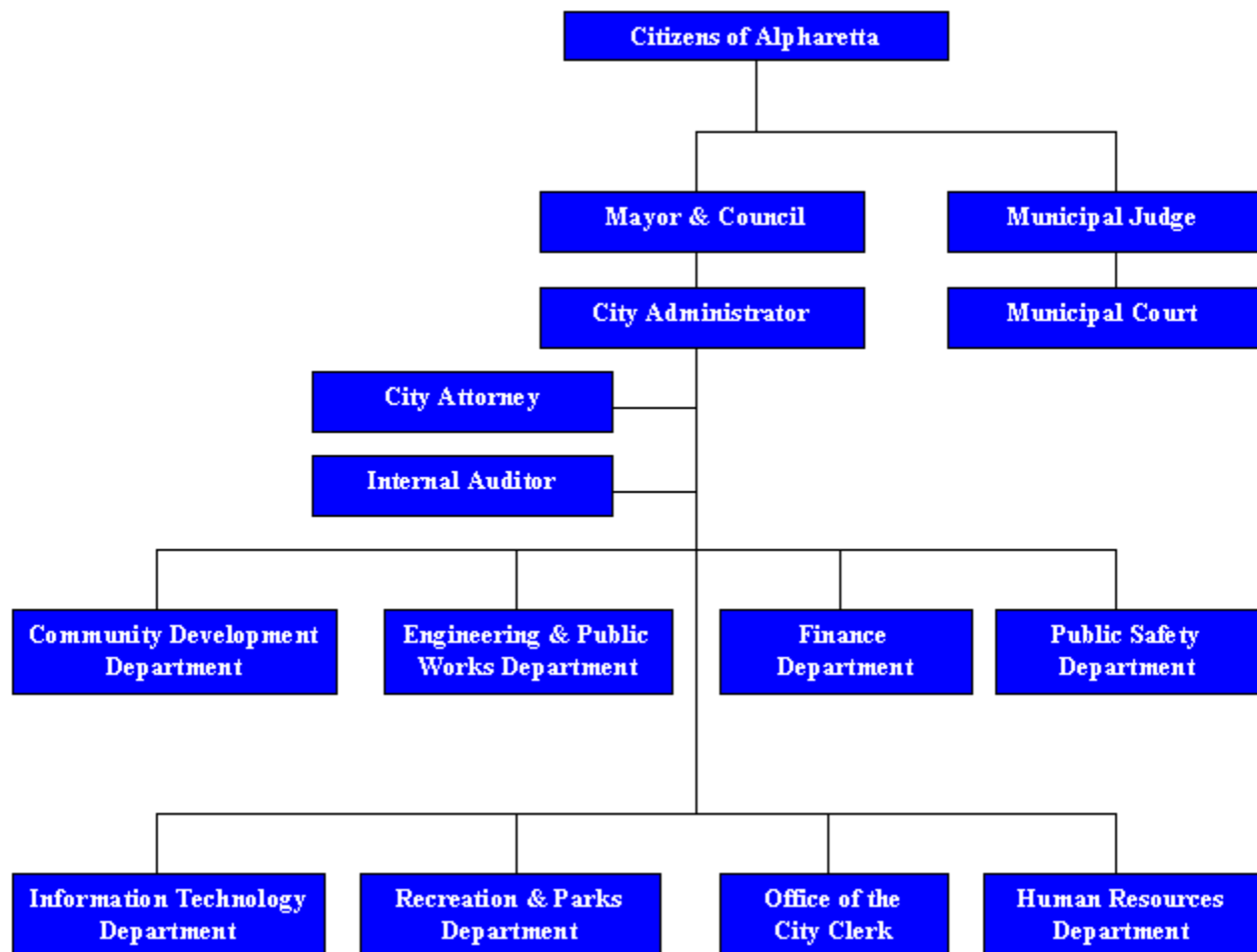
Mayor	Arthur Letchas
Council Member – Post 1	Doug DeRito
Council Member – Post 2	Mike Kennedy
Council Member – Post 3	Chris Owens
Council Member – Post 4	Cheryl Oaks
Council Member – Post 5	Jim Paine
Council Member – Post 6	D. C. Aiken
Municipal Judge	Jim Matoney

**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
Engineering & 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

**CITY OF ALPHARETTA, GEORGIA**  
**ORGANIZATIONAL CHART**  
**JUNE 30, 2011**

---



**FINANCIAL SECTION**

---





## 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, 2011, 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, 2011, and the respective changes in financial position, and, where applicable, cash flows 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 13, 2011, 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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress, schedules of employer contributions, and budgetary comparison information on pages 3-15 and 64-68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

---

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 introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
December 13, 2011

# **CITY OF ALPHARETTA, GEORGIA**

## **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, 2011. 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 \$233,554,016 (total net assets). Of this amount \$26,103,292 (unrestricted net assets) may be used to meet the ongoing obligations of the government.
- The City's total net assets increased by \$1,373,888.
- As of the close of the current fiscal year, the City of Alpharetta's governmental funds reported combined ending fund balances of \$37,902,264, a decrease of \$14,351,754 from the prior year. The decrease was anticipated as the City's policy is to utilize surplus fund balance of the General Fund (above amounts set aside for emergencies) for one time expenditures. Also, capital outlay expended in the Capital Projects Fund exceeded transfers in from General Fund by \$8,561,156 and net amount expended in Bond IV Fund was \$5,107,686.
- At the end of the current fiscal year, unassigned fund balance in the general fund was \$16,123,905 which represents approximately 32% of 2012 budgeted expenditures. By ordinance, the City has mandated that such balance not be less than 16% of budgeted expenditures. This requirement allows the City to maintain an adequate reserve to cover unforeseen emergencies and/or revenue shortfalls. However, the current budgetary practice has been to reserve at least 21% for such purposes, representing \$10,600,000 at fiscal year end. The surplus after such emergency reserve will allow the City to fully cover the OPEB actuarial accrued liability of \$862,110 and fund one-time future capital in the amount of \$4,661,795 as part of the annual budget to be developed for fiscal year 2013.
- The City's total governmental activities debt (including notes) decreased by \$7,933,104 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

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 16 and 17 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

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 ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, debt service, capital project, grant capital, and bond IV (2006 general obligation bond issue) funds, all of which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements later in this document.

The basic governmental fund financial statements can be found on pages 18 through 20 of this report.

**Proprietary funds.** The City maintains 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. The City uses an internal service fund to account for risk management.

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, and for risk management.

The basic proprietary fund financial statements can be found on pages 21 through 23 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 24 and 25 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 26 through 63 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**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 principal 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 64 through 68 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 69 through 78 of this report.

### City of Alpharetta's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$49,096,616	\$58,721,560	\$2,088,824	\$1,994,471	\$51,185,440	\$60,716,031
Capital assets	221,795,872	215,760,812	-	-	221,795,872	215,760,812
<b>Total assets</b>	<b>270,892,488</b>	<b>274,482,372</b>	<b>2,088,824</b>	<b>1,994,471</b>	<b>272,981,312</b>	<b>276,476,843</b>
Current liabilities	6,561,901	3,972,892	1,091,385	1,036,222	7,653,286	5,009,114
Non-current liabilities outstanding	31,772,363	39,286,186	1,647	1,415	31,774,010	39,287,601
<b>Total liabilities</b>	<b>38,334,264</b>	<b>43,259,078</b>	<b>1,093,032</b>	<b>1,037,637</b>	<b>39,427,296</b>	<b>44,296,715</b>
Net assets:						
Invested in capital assets,						
net of related debt	197,506,611	187,034,265	-	-	197,506,611	187,034,265
Restricted	9,944,113	7,524,218	-	-	9,944,113	7,524,218
Unrestricted	25,107,500	36,664,811	995,792	956,834	26,103,292	37,621,645
<b>Total net assets</b>	<b>\$232,558,224</b>	<b>\$231,223,294</b>	<b>\$995,792</b>	<b>\$956,834</b>	<b>\$233,554,016</b>	<b>\$232,180,128</b>

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 \$233,554,016 at the close of the most recent fiscal year. The largest portion of the City's net assets (84.6%) reflects its net investment in capital assets (i.e., land, buildings, infrastructure, machinery, and equipment less any outstanding related debt used to acquire those assets). 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

An additional portion of the City's net assets (4.3%) represents resources that are subject to external restrictions on how they may be used. At the close of fiscal year 2011 the City's restricted net assets were \$9,944,113, representing \$1,787,011 obligated for capital projects, \$4,948,377 restricted for the repayment of general obligation bond debt, \$1,915,839 restricted for emergency telephone activities, \$1,281,939 for law enforcement, and \$10,947 for the promotion of tourism.

The remaining balance in unrestricted net assets of \$26,103,292 (11.2%) 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	
	2011	2010	2011	2010	2011	2010
<i>Revenues</i>						
<i>Program revenues:</i>						
Charges for services	\$12,430,514	\$11,084,435	\$3,083,736	\$2,645,368	\$15,514,250	\$13,729,803
Operating grants and contributions	85,049	180,396	-	-	85,049	180,396
Capital grants and contributions	3,397,529	9,084,587	-	-	3,397,529	9,084,587
<i>General revenues:</i>						
Property taxes	24,818,984	25,988,259	-	-	24,818,984	25,988,259
Local option sales tax	11,230,204	11,174,798	-	-	11,230,204	11,174,798
Other taxes	14,343,669	13,830,636	-	-	14,343,669	13,830,636
Unrestricted investment earnings	84,599	350,630	3,427	6,749	88,026	357,379
<b>Total revenues</b>	<b>66,390,548</b>	<b>71,693,741</b>	<b>3,087,163</b>	<b>2,652,117</b>	<b>69,477,711</b>	<b>74,345,858</b>
<i>Expenses</i>						
General government	8,731,761	9,424,951	-	-	8,731,761	9,424,951
Public safety	25,935,466	25,425,405	-	-	25,935,466	25,425,405
Public works	17,823,080	12,201,036	-	-	17,823,080	12,201,036
Community development	3,833,385	3,676,652	-	-	3,833,385	3,676,652
Culture and recreation	7,049,036	7,127,575	-	-	7,049,036	7,127,575
Interest on long-term debt	1,632,890	1,737,171	-	-	1,632,890	1,737,171
Solid waste	-	-	3,048,205	2,677,687	3,048,205	2,677,687
<b>Total expenses</b>	<b>65,055,618</b>	<b>59,592,790</b>	<b>3,048,205</b>	<b>2,677,687</b>	<b>68,103,823</b>	<b>62,270,477</b>
Increase in net assets before transfers	1,334,930	12,100,951	38,958	(25,570)	1,373,888	12,075,381
Transfers	-	-	-	-	-	-
<b>Increase in net assets</b>	<b>1,334,930</b>	<b>12,100,951</b>	<b>38,958</b>	<b>(25,570)</b>	<b>1,373,888</b>	<b>12,075,381</b>
<b>Net assets – Beginning</b>	<b>231,223,294</b>	<b>219,122,343</b>	<b>956,834</b>	<b>982,404</b>	<b>232,180,128</b>	<b>220,104,747</b>
<b>Net assets - Ending</b>	<b>\$232,558,224</b>	<b>\$231,223,294</b>	<b>\$995,792</b>	<b>\$956,834</b>	<b>\$233,554,016</b>	<b>\$232,180,128</b>



## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

**Governmental activities.** Governmental activities increased the City's net assets by \$1,334,930 (compared to an increase of \$12,100,951 in the prior year) accounting for nearly all of the growth in the net assets of the City (business- type activities had an increase in net assets of \$38,958). Key elements of this change from year to year are as follows:

- Total governmental program revenues decreased by \$4,436,326 primarily due to a decrease in capital grants and contributions.
- Total general revenues decreased by \$866,867 from the prior year primarily due to lower property taxes as a result of declining real estate values and an increase in the homestead exemption. This decrease was partially offset by slightly higher sales taxes, franchise taxes, hotel motel taxes, and other taxes.
- Total expenses of the governmental activities increased by \$5,462,828 as a result of increased capital expenditures.

**Business-type activities.** Business-type activities increased the City of Alpharetta's net assets by \$38,958, 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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2011, the City reported governmental funds combined ending fund balance of \$37,902,264, a decrease of \$14,351,754 from the prior year. The decrease is primarily due to the authorized spending of prior year fund balance on budgeted capital projects. Approximately 43% of this balance or \$16,123,905 constitutes unassigned fund balance .

The remainder of the fund balance is categorized as restricted or assigned. Restricted fund balance consists of amounts restricted for capital projects of \$4,411,296, law enforcement of \$1,281,939, emergency telephone activities of \$1,915,839, grant projects of \$610,351, debt service of \$4,948,377, and \$10,947 for the promotion of tourism. Assigned fund balance consists of amounts assigned for grant projects of \$103,241, capital projects of \$4,055,233, and 2012 fiscal year expenditures of \$4,441,136.

**General fund.** The general fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance of the general fund was \$20,565,041 which is an increase of \$1,685,687 from the prior year. In terms of liquidity, total fund balance represents approximately 41% of 2012 budgeted expenditures.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

Approximately 22% of total fund balance or \$4,441,136 constitutes assigned fund balance for 2012 fiscal year expenditures. The remaining 78% of total fund balance or \$16,123,905 constitutes unassigned fund balance. This balance represents approximately 32% of 2012 budgeted expenditures. By ordinance, the City has mandated that such balance not be less than 16% of budgeted expenditures. This requirement allows the City to maintain an adequate reserve to cover unforeseen emergencies and/or revenue shortfalls. However, the current budgetary practice has been to reserve at least 21% for such purposes, representing \$10,600,000 at fiscal year end. The surplus after such emergency reserve will allow the City to fully cover the OPEB actuarial accrued liability of \$862,110 and fund one-time future capital in the amount of \$4,661,795 as part of the annual budget to be developed for fiscal year 2013

The fund balance of the City's general fund increased during fiscal year 2011 by \$1,685,687. Revenues exceeded expenditures by \$4.2 million, however, net transfers out were approximately \$2.5 million. Council approved the utilization of prior year fund balance for capital projects (\$3.6 million). Other significant variances are explained below:

- From a year to year operational perspective, total revenues decreased by \$153,798. Property taxes were down as noted earlier due to declining real estate values and an increase in the homestead exemption. Total expenditures increased by \$163,488 from the prior year primarily due to increased cost of healthcare, fuel, and utilities which was partially offset by not filling vacant positions. Net transfers out decreased by \$4,244,304.
- Revenues of \$48,569,864 exceeded amount budgeted by \$2,838,877. Some of the significant differences were caused by the building permits revenue being nearly \$800,000 higher than expected. The City saw many new development projects being undertaken which generated building permit revenues greater than anticipated. As these projects were being undertaken, the City also recognized approximately \$431,000 more in charges for services, primarily in building plan reviews. The City also had improved sales tax revenues, as revenues were approximately \$430,000 greater than budgeted. The City's local economy continues to show improvement.
- Expenditures came in well under budget, at \$44,349,916 with \$2,094,717 of the budgetary appropriation unspent. Management continues to work with the department heads to ensure only necessary purchases are made, to ensure all departments do not exceed budget appropriations, which generates a budget conscious atmosphere throughout the City.

**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 \$3,259,311 was transferred to this fund from the general fund and \$1,775,043 from other funds, while expenditures amounted to \$13,595,510. The above, together with additional revenues of \$889,990, resulted in a decrease in fund balance of \$7,671,166 yielding a fund balance at year-end of \$5,296,238 as compared to \$12,967,404 at end of prior year. The City undertook several new capital projects during the year including the acquisition of several parcels of land for the future construction of a new City Hall and related parking facilities. The City is also working on several roadway improvement projects throughout the City.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

**Bond IV Fund.** In June 2006, the City issued \$26.3 million of 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 \$553. Expenditures in the amount of \$5,108,239 were primarily for capital outlay. Fund balance decreased from \$7,820,685 to \$2,712,999 at year end. The City performed nearly \$3 million of milling and resurfacing on City streets during the current year. The City has also acquired nearly \$1 million of new parks land and had approximately \$700,000 of park improvements to existing parks within the City.

**Grant Capital Fund.** The Grant Capital Fund is used to account for the proceeds of capital grants that are expended to acquire or construct capital assets. Grant revenue was \$573,249 for the current year as compared to \$169,703 in the prior year. Capital outlay expenditures increased by \$1,289,458 from the prior year to \$1,454,487. The increased activity is related to several federally funded transportation projects which were being undertaken during the 2011 fiscal year. The City is working on several intersection improvement projects to improve the traffic congestion throughout the City. This activity has resulted in fund balance decreases from \$1,362,714 to \$610,351 at year end.

**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 \$4,948,377 all of which is reserved for the payment of debt. The impact fee special revenue fund provided \$500,000 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. The City accounts for business-type activities in the solid waste enterprise fund. The City utilizes a governmental activities internal service fund to account for risk management services.

Unrestricted net assets of the proprietary fund at the end of the year amounted to \$995,792. The total increase in net assets for the solid waste funds was \$38,958. Operating revenues increased \$438,368 over the prior year. Total expenses increased by \$370,518. As the City's contracts for the garbage services increased the City's rates increased accordingly.

Unrestricted net assets of the risk management fund at the end of the year amounted to \$383,598. Total operating revenues increased by \$165,785 to \$590,785. Total operating expenses decreased by \$783,857 to \$937,008.

### 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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

donation/contribution. Differences between the original budget and final amended budget are summarized as follows:

During the year, there was an increase in total budgeted revenues in the amount of \$76,213 consisting of an increase in budgeted contributions and donations for \$10,028 and an increase in miscellaneous revenues for \$66,185. Total budgeted expenditures increased by \$92,882 from the beginning of the year consisting of an increase to Culture and Recreation for \$27,197 and Public Safety for \$66,185, and a decrease in Engineering and Public Works for \$1,000.

Investment earnings were \$78,396 less than the amount budgeted and intergovernmental, contributions and donations, and other revenues were \$34,921 less than the amount budgeted. However, tax revenues from property, sales and use, franchise, business, and other taxes exceeded amount budgeted by \$1,618,263, and revenues from licenses and permits, fines and forfeitures, and charges for services exceeded the amount budgeted by \$1,333,931. The net result of all the revenue variances was that actual total revenues exceeded final budget total revenues by \$2,838,877.

Total actual expenditures were \$2,094,718 less than final budgeted total expenditures due to conservative budget estimates and continued concerted effort by departments to minimize expenditures as a precautionary measure due to deteriorated economic conditions. Among departments with larger favorable variances in expenditures were Public Safety which expended \$477,050 less than final budget, Culture and Recreation which expended \$531,356 less than final budget and Engineering and Public Works which expended \$251,173 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, 2011, amounts to \$221,795,872 (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:

- City Center land acquisition (\$5,912,846).
- Greenway northern extension (\$1,501,302).
- Park land acquisition (\$905,091)
- North Park artificial turf (\$699,981)

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### City of Alpharetta's Capital Assets (net of depreciation)

	<b>Governmental Activities</b>	
	2011	2010
Land and permanent improvements	\$67,318,668	\$62,220,929
Buildings	25,499,162	23,972,491
Improvement other than buildings	13,114,441	11,978,863
Machinery and equipment	6,499,679	6,869,950
Infrastructure	105,145,587	106,486,446
Construction in progress	4,218,335	4,232,133
<b>Total</b>	<b>\$221,795,872</b>	<b>\$215,760,812</b>

**Long-term debt.** At the end of the fiscal year 2011, the City's total outstanding debt was \$27,059,850. \$26,220,000 of total outstanding debt consists of general obligation bonds, and the balance of \$839,850 consists of notes payable. 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

	<b>Governmental Activities</b>	
	2011	2010
General obligation bonds	\$26,220,000	\$34,270,000
Notes payable	839,850	927,300
<b>Total</b>	<b>\$27,059,850</b>	<b>\$35,197,300</b>

The City's total debt decreased by \$8,137,450 (23%) during the 2011 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 an "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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

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 \$479,413,845.

Additional information on the City's long-term debt can be found in note IV.E on pages 45 through 51 of this report.

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

The City of Alpharetta, like many cities in our region and throughout the United States, is facing fiscal challenges as a result of the recent national and global recession. The economic downturn includes challenges in the form of falling real estate values, reductions in investment values, limited consumer/business credit availability, significant job losses, declining consumer confidence, and corresponding reductions in consumer spending.

All of these factors have combined to limit revenue growth and in many cases reduce revenues below prior year levels (e.g. property taxes, motor vehicle taxes, etc.). In addition to stagnant or falling revenues, healthcare costs continue to pose a concern although the financial impact in future years is being mitigated through management initiatives including:

- Continuation with our consumer driven HRA (Health Reimbursement Account) healthcare plan supplemented with a wellness program. Together these programs engage the employee and his/her family into making more informed decisions about their medical care and their overall health.
- Incentivizing our wellness program for all employees who elect city health coverage. This will include the completion of a health risk assessment questionnaire, biometric screening, and in-person meetings with a trained wellness coach.
- Increasing the tobacco surcharge.
- Offering our employees the option of an HSA healthcare plan that more fully engages the participant in the decisions of healthcare purchases while providing more flexibility to the participant than the HRA.

In light of the economic challenges and its impact on City resources, we have compiled a fiscal year 2012 budget in line with our guiding principles that accomplish the following: Tax-burden reductions for our homeowners and business owners including:

- maintenance of the City's millage rate at 5.750 mills which represents a tax reduction for many a property owners as the value of property within the City has declined; and
- increase of the homestead exemption to \$40,000 which is estimated to save our homeowners \$260,000 annually in property taxes.
- Continuation of the same high service levels our citizenry and stakeholders deserve and have come to expect from our City; and

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

- Alignment of departmental operating budgets to the City's short-term revenue outlook while also covering the primary cost drivers (e.g. healthcare, election, fuel, and utilities).

### **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, Georgia, 30009, or by calling 678-297-6060.

## **BASIC FINANCIAL STATEMENTS**

---



# CITY OF ALPHARETTA, GEORGIA

## STATEMENT OF NET ASSETS JUNE 30, 2011

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Development Authority
Cash and cash equivalents	\$ 7,803,802	\$ 271,929	\$ 8,075,731	\$ 85,404
Investments	30,726,906	1,690,174	32,417,080	-
Receivables, net of allowance for uncollectibles	5,581,858	124,665	5,706,523	37,200
Direct financing lease receivable	-	-	-	5,090,000
Prepaid expenses	123,008	-	123,008	-
Restricted assets:				
Investments	4,118,402	-	4,118,402	-
Deferred charges	124,476	-	124,476	120,569
Other non-current asset	618,164	2,056	620,220	-
Capital assets, non-depreciable	71,537,003	-	71,537,003	-
Capital assets, depreciable, net of accumulated depreciation	150,258,869	-	150,258,869	-
Total assets	270,892,488	2,088,824	272,981,312	5,333,173
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	6,561,901	261,038	6,822,939	39,127
Unearned revenue	-	830,347	830,347	-
Interest payable	203,815	-	203,815	37,200
Bonds payable, due within one year	5,940,000	-	5,940,000	550,000
Bonds payable, due in more than one year	20,307,541	-	20,307,541	4,977,273
Capital lease payable, due within one year	271,277	-	271,277	-
Capital lease payable, due in more than one year	1,570,632	-	1,570,632	-
Notes payable, due within one year	90,750	-	90,750	-
Notes payable, due in more than one year	749,100	-	749,100	-
Net OPEB obligation	241,513	-	241,513	-
Other noncurrent liabilities, due within one year	1,823,192	1,647	1,824,839	-
Other noncurrent liabilities, due in more than one year	574,543	-	574,543	-
Total liabilities	38,334,264	1,093,032	39,427,296	5,603,600
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	197,506,611	-	197,506,611	-
Restricted for:				
Capital projects	1,787,011	-	1,787,011	-
Debt service	4,948,377	-	4,948,377	-
Law enforcement	1,281,939	-	1,281,939	-
Promotion of tourism	10,947	-	10,947	-
Emergency telephone activities	1,915,839	-	1,915,839	-
Unrestricted	25,107,500	995,792	26,103,292	(270,427)
Total net assets	\$ 232,558,224	\$ 995,792	\$ 233,554,016	\$ (270,427)

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

**CITY OF ALPHARETTA, GEORGIA**

**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Functions/Programs	Net (Expenses) Revenues and Changes in Net Assets							
	Program Revenues				Primary Government			Component
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Unit
								Development Authority
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 8,731,761	\$ 3,791,391	\$ -	\$ -	\$ (4,940,370)	\$ -	\$ (4,940,370)	\$ -
Public safety	25,935,466	4,704,105	56,501	7,928	(21,166,932)	-	(21,166,932)	-
Public works	17,823,080	14,214	5,060	3,389,601	(14,414,205)	-	(14,414,205)	-
Community development	3,883,385	2,051,232	-	-	(1,832,153)	-	(1,832,153)	-
Culture and recreation	7,049,036	1,869,572	23,488	-	(5,155,976)	-	(5,155,976)	-
Interest on long-term debt	1,632,890	-	-	-	(1,632,890)	-	(1,632,890)	-
Total governmental activities	65,055,618	12,430,514	85,049	3,397,529	(49,142,526)	-	(49,142,526)	-
Business-type activities:								
Solid waste	3,048,205	3,083,736	-	-	-	35,531	35,531	-
Total business-type activities	3,048,205	3,083,736	-	-	-	35,531	35,531	-
Total primary government	\$ 68,103,823	\$ 15,514,250	\$ 85,049	\$ 3,397,529	(49,142,526)	35,531	(49,106,995)	-
<b>Component unit:</b>								
Development Authority	\$ 220,925	\$ 249,755	\$ -	\$ -	-	-	-	28,830
Total component unit	\$ 220,925	\$ 249,755	\$ -	\$ -	-	-	-	28,830
General revenues:								
Property taxes					24,818,984	-	24,818,984	-
Sales taxes					11,230,204	-	11,230,204	-
Franchise taxes					6,152,869	-	6,152,869	-
Hotel/Motel occupancy tax					3,133,641	-	3,133,641	-
Business taxes					3,023,400	-	3,023,400	-
Other taxes					2,033,759	-	2,033,759	-
Unrestricted investment earnings					84,599	3,427	88,026	-
Total general revenues					50,477,456	3,427	50,480,883	-
Change in net assets					1,334,930	38,958	1,373,888	28,830
Net assets, beginning of year					231,223,294	956,834	232,180,128	(299,257)
Net assets, end of year					\$ 232,558,224	\$ 995,792	\$ 233,554,016	\$ (270,427)

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

# CITY OF ALPHARETTA, GEORGIA

## BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2011

ASSETS	Major Governmental Funds		
	General	Debt Service	Capital Project
Cash and cash equivalents	\$ 3,050,667	\$ 678,072	\$ 2,098,622
Investments	17,299,911	4,215,800	5,332,086
Taxes receivable, net	2,002,213	122,266	-
Accounts receivable	35,768	-	-
Intergovernmental			1,769,964
Due from other funds	112,280	-	-
Restricted assets:			
Investments	-	-	-
Total assets	<u>\$ 22,500,839</u>	<u>\$ 5,016,138</u>	<u>\$ 9,200,672</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 1,250,134	\$ -	\$ 1,853,605
Retainage payable	-	-	280,865
Accrued liabilities	450,825	-	-
Due to other funds	-	-	-
Deferred revenue	234,839	67,761	1,769,964
Total liabilities	<u>1,935,798</u>	<u>67,761</u>	<u>3,904,434</u>
<b>FUND BALANCES</b>			
Restricted for:			
Capital projects	-	-	1,241,005
Law enforcement	-	-	-
Emergency telephone activities	-	-	-
Grant projects	-	-	-
Debt service	-	4,948,377	-
Promotion of tourism	-	-	-
Assigned for:			
Grant projects	-	-	-
Capital projects	-	-	4,055,233
2012 fiscal year expenditures	4,441,136	-	-
Unassigned	16,123,905	-	-
Total fund balances	<u>20,565,041</u>	<u>4,948,377</u>	<u>5,296,238</u>
Total liabilities and fund balances	<u>\$ 22,500,839</u>	<u>\$ 5,016,138</u>	<u>\$ 9,200,672</u>

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

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

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

Internal service funds are used by the City to charge cost to other funds. The assets and liabilities are included in the government activities.

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

Prepaid expenditures are costs applicable to future periods and, therefore, are not reported in governmental funds.

Net pension asset that is not a financial resource and, therefore, not reported in governmental funds.

Net assets of governmental activities

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

Grant Capital	Bond IV	Nonmajor Governmental Funds	Totals Governmental Funds
\$ 118,777	\$ 8,382	\$ 1,721,733	\$ 7,676,253
738,519	-	2,347,528	29,933,844
-	-	280,699	2,405,178
-	-	307,692	343,460
1,004,127	-	22,759	2,796,850
-	-	-	112,280
-	4,118,402	-	4,118,402
<u>\$ 1,861,423</u>	<u>\$ 4,126,784</u>	<u>\$ 4,680,411</u>	<u>\$ 47,386,267</u>

\$ 346,830	\$ 1,299,991	\$ 775,852	\$ 5,526,412
125,672	113,794	-	520,331
-	-	20,111	470,936
-	-	112,280	112,280
778,570	-	2,910	2,854,044
<u>1,251,072</u>	<u>1,413,785</u>	<u>911,153</u>	<u>9,484,003</u>

-	2,712,999	457,292	4,411,296
-	-	1,281,939	1,281,939
-	-	1,915,839	1,915,839
610,351	-	-	610,351
-	-	-	4,948,377
-	-	10,947	10,947
-	-	103,241	103,241
-	-	-	4,055,233
-	-	-	4,441,136
-	-	-	16,123,905
<u>610,351</u>	<u>2,712,999</u>	<u>3,769,258</u>	<u>37,902,264</u>
<u>\$ 1,861,423</u>	<u>\$ 4,126,784</u>	<u>\$ 4,680,411</u>	

221,795,872

2,854,044

383,598

(31,118,726)

123,008

618,164

\$ 232,558,224

# CITY OF ALPHARETTA, GEORGIA

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Major Governmental Funds		
	General	Debt Service	Capital Project
<b>Revenues</b>			
Taxes:			
Property taxes	\$ 17,973,531	\$ 7,202,093	\$ -
Sales and use taxes	11,230,204	-	-
Other taxes	11,210,028	-	-
Licenses and permits	1,819,139	-	-
Charges for services	2,913,918	-	-
Impact fees	-	-	-
Fines and forfeitures	3,110,574	-	-
Intergovernmental	61,294	-	-
Contributions and donations	7,488	-	20,000
Investment earnings	36,604	27,139	14,194
Other revenues	207,084	-	130,796
Total revenues	<u>48,569,864</u>	<u>7,229,232</u>	<u>164,990</u>
<b>Expenditures</b>			
Current:			
General government	7,793,842	3,150	-
Public safety	21,626,628	-	-
Public works	6,343,910	-	-
Community development	1,932,992	-	-
Culture and recreation	6,137,913	-	-
Capital outlay	-	-	13,595,510
Debt service:			
Principal	443,323	8,137,450	-
Interest	71,308	1,451,365	-
Total expenditures	<u>44,349,916</u>	<u>9,591,965</u>	<u>13,595,510</u>
Excess (deficiency) of revenues over expenditures	<u>4,219,948</u>	<u>(2,362,733)</u>	<u>(13,430,520)</u>
<b>Other financing sources (uses):</b>			
Proceeds from sale of capital assets	247,893	-	-
Proceeds from capital lease	-	-	725,000
Transfers in	1,253,457	500,000	5,034,354
Transfers out	(4,035,611)	-	-
Total other financing sources (uses)	<u>(2,534,261)</u>	<u>500,000</u>	<u>5,759,354</u>
Net change in fund balances	1,685,687	(1,862,733)	(7,671,166)
<b>Fund balances, beginning of year</b>	<u>18,879,354</u>	<u>6,811,110</u>	<u>12,967,404</u>
<b>Fund balances, end of year</b>	<u>\$ 20,565,041</u>	<u>\$ 4,948,377</u>	<u>\$ 5,296,238</u>

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

<b>Grant Capital</b>	<b>Bond IV</b>	<b>Nonmajor Governmental Funds</b>	<b>Totals Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 25,175,624
-	-	-	11,230,204
-	-	3,133,641	14,343,669
-	-	-	1,819,139
-	-	2,280,641	5,194,559
-	-	251,116	251,116
-	-	1,125,215	4,235,789
573,249	-	783,037	1,417,580
61,469	-	8,000	96,957
-	553	6,109	84,599
67,406	-	-	405,286
<u>702,124</u>	<u>553</u>	<u>7,587,759</u>	<u>64,254,522</u>
-	553	7,534	7,805,079
-	-	2,863,118	24,489,746
-	-	-	6,343,910
-	-	1,880,184	3,813,176
-	-	1,916	6,139,829
1,454,487	5,107,686	-	20,157,683
-	-	-	8,580,773
-	-	-	1,522,673
<u>1,454,487</u>	<u>5,108,239</u>	<u>4,752,752</u>	<u>78,852,869</u>
<u>(752,363)</u>	<u>(5,107,686)</u>	<u>2,835,007</u>	<u>(14,598,347)</u>
-	-	-	247,893
-	-	-	725,000
-	-	50,000	6,837,811
-	-	(3,528,500)	(7,564,111)
-	-	(3,478,500)	246,593
(752,363)	(5,107,686)	(643,493)	(14,351,754)
<u>1,362,714</u>	<u>7,820,685</u>	<u>4,412,751</u>	<u>52,254,018</u>
<u>\$ 610,351</u>	<u>\$ 2,712,999</u>	<u>\$ 3,769,258</u>	<u>\$ 37,902,264</u>

# CITY OF ALPHARETTA, GEORGIA

## 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, 2011

---

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

Net change in fund balances - total governmental funds	\$ (14,351,754)
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.	6,260,438
The net effect of various miscellaneous transactions involving capital assets (i.e. donations and sales) is to decrease net assets.	(225,378)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,913,431
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.	7,581,786
Internal service funds are used by management to charge the costs of insurance plans and workers' compensation insurance to individual funds. The net revenue of the internal service funds is reported with governmental activities.	380,077
Prepaid expenses are costs applicable to future periods and, therefore, are not reported in the funds.	123,008
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.	(346,678)
Change in net assets - governmental activities	<u>\$ 1,334,930</u>

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

# CITY OF ALPHARETTA, GEORGIA

## STATEMENT OF NET ASSETS PROPRIETARY FUNDS JUNE 30, 2011

	<u>Business-type Activities - Enterprise Fund</u>	<u>Governmental Activities - Internal Service Fund</u>
<b>ASSETS</b>	<u>Solid Waste Fund</u>	<u>Risk Management Fund</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 271,929	\$ 127,549
Investments	1,690,174	793,062
Accounts receivable, net of allowance for uncollectibles	124,665	36,370
Total current assets	<u>2,086,768</u>	<u>956,981</u>
<b>NONCURRENT ASSETS</b>		
Other noncurrent assets	<u>2,056</u>	<u>-</u>
Total assets	<u>2,088,824</u>	<u>956,981</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	260,370	44,222
Accrued salaries	668	-
Unearned revenue	830,347	-
Compensated absences payable	1,647	-
Claims payable, due within one year	<u>-</u>	<u>216,219</u>
Total current liabilities	<u>1,093,032</u>	<u>260,441</u>
<b>NONCURRENT LIABILITIES</b>		
Claims payable, due in more than one year	<u>-</u>	<u>312,942</u>
Total noncurrent liabilities	<u>-</u>	<u>312,942</u>
Total liabilities	<u>1,093,032</u>	<u>573,383</u>
<b>NET ASSETS</b>		
Unrestricted	<u>995,792</u>	<u>383,598</u>
Total net assets	<u>\$ 995,792</u>	<u>\$ 383,598</u>

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



**CITY OF ALPHARETTA, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Business-type Activities - Enterprise Fund</u>	<u>Governmental Activities - Internal Service Fund</u>
	<u>Solid Waste Fund</u>	<u>Risk Management Fund</u>
<b>OPERATING REVENUES</b>		
Charges for services:		
Refuse collection charges	\$ 3,083,432	\$ -
Charges for service	-	480,698
Miscellaneous revenue	304	110,087
Total operating revenues	<u>3,083,736</u>	<u>590,785</u>
<b>OPERATING EXPENSES</b>		
Administration	3,048,205	135,123
Claims and judgements	-	305,021
Premiums	-	496,864
Total operating expenses	<u>3,048,205</u>	<u>937,008</u>
Operating income (loss)	<u>35,531</u>	<u>(346,223)</u>
<b>NON-OPERATING REVENUES</b>		
Investment earnings	<u>3,427</u>	<u>-</u>
Total non-operating revenues	<u>3,427</u>	<u>-</u>
Change in net assets before transfers	38,958	(346,223)
<b>TRANSFERS IN</b>	<u>-</u>	<u>726,300</u>
Change in net assets	38,958	380,077
<b>NET ASSETS, beginning of year</b>	<u>956,834</u>	<u>3,521</u>
<b>NET ASSETS, end of year</b>	<u>\$ 995,792</u>	<u>\$ 383,598</u>

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

# CITY OF ALPHARETTA, GEORGIA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<b>Business-type Activities - Enterprise Fund</b>	<b>Governmental Activities - Internal Service Fund</b>
	<b>Solid Waste Fund</b>	<b>Risk Management Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 3,123,727	\$ 590,785
Payments to vendors/suppliers	(2,976,037)	(625,167)
Payments on claims	-	(452,119)
Payments to employees	(54,537)	-
Net cash provided by (used in) operating activities	<u>93,153</u>	<u>(486,501)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(111,541)	(216,949)
Interest and dividends received	3,427	-
Net cash used in investing activities	<u>(108,114)</u>	<u>(216,949)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Transfers in	-	726,300
Net cash provided by non-capital financing activities	<u>-</u>	<u>726,300</u>
Increase (decrease) in cash and cash equivalents	(14,961)	22,850
<b>Cash and cash equivalents, beginning of year</b>	<u>286,890</u>	<u>104,699</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 271,929</u></u>	<u><u>\$ 127,549</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>		
Operating income (loss)	\$ 35,531	\$ (346,223)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Decrease (increase) in accounts receivable	2,227	(36,370)
Increase in accounts payable	17,898	43,190
Increase in other accrued liabilities	37,265	-
Increase in compensated absences	232	-
Decrease in claims payable	-	(147,098)
Net cash provided by (used in) operating activities	<u><u>\$ 93,153</u></u>	<u><u>\$ (486,501)</u></u>

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

# CITY OF ALPHARETTA, GEORGIA

## STATEMENT OF FIDUCIARY NET ASSETS PENSION TRUST FUNDS JUNE 30, 2011

---

<b>ASSETS</b>	
Cash	\$ 32,910
Investments, mutual funds	<u>33,657,897</u>
Total assets	<u>33,690,807</u>
<b>LIABILITIES</b>	
Accounts payable	<u>44,997</u>
Total liabilities	<u>44,997</u>
<b>NET ASSETS</b>	
Assets held in trust for pension benefits (See RSI for a schedule of funding progress)	<u><u>\$ 33,645,810</u></u>

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

# CITY OF ALPHARETTA, GEORGIA

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS PENSION TRUST FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

---

### ADDITIONS

#### Contributions:

Employee contributions	\$ 388,005
Employer contributions	<u>3,100,000</u>

Total contributions	<u>3,488,005</u>
---------------------	------------------

#### Investment income:

Net appreciation in fair value of investments	4,948,989
Interest and dividends	<u>1,136,399</u>

Net investment income	<u>6,085,388</u>
-----------------------	------------------

Total additions	<u>9,573,393</u>
-----------------	------------------

### DEDUCTIONS

Benefit payments	<u>715,083</u>
------------------	----------------

Total deductions	<u>715,083</u>
------------------	----------------

Net increase	8,858,310
--------------	-----------

### NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:

Beginning of year	<u>24,787,500</u>
-------------------	-------------------

End of year	<u><u>\$ 33,645,810</u></u>
-------------	-----------------------------

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

**CITY OF ALPHARETTA, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

---

**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.

## NOTES TO FINANCIAL STATEMENTS

---

### **I. Summary of significant accounting policies (Continued)**

#### **B. Government-wide and fund financial statements (Continued)**

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.

## NOTES TO FINANCIAL STATEMENTS

---

### I. Summary of significant accounting policies (Continued)

#### C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

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 **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 **grant capital 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.

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.

## NOTES TO FINANCIAL STATEMENTS

---

### I. Summary of significant accounting policies (Continued)

#### C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

The City also reports the following fund types:

The **Special Revenue funds** are used to account for specific revenues, such as confiscations/forfeitures, hotel/motel tax revenues, impact fee revenues, various grants and contributions, and charges for operation of the City's Emergency 911 system, all of which are legally restricted to expenditures for particular purposes.

The **Internal Service fund** which accounts for operations that provide services to other departments or agencies of the City on a cost reimbursement basis. The City uses the internal service fund to account for risk management.

The **Pension Trust funds** are used to 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. However, any interfund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions.

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.



## NOTES TO FINANCIAL STATEMENTS

---

### **I. Summary of significant accounting policies (Continued)**

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

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 of any corporation of the U.S. government.

## NOTES TO FINANCIAL STATEMENTS

---

### **I. Summary of significant accounting policies (Continued)**

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

##### ***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 on assessed property values as of January 1. 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. These payments are accounted for using the purchases method and are recognized as expenditures in the fund financial statements when payment is made, and are recognized as prepaid items in the government-wide 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.

## NOTES TO FINANCIAL STATEMENTS

---

### I. Summary of significant accounting policies (Continued)

#### D. Assets, liabilities, and net assets or equity (Continued)

##### 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:

<u>Assets</u>	<u>Years</u>
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.

## NOTES TO FINANCIAL STATEMENTS

---

### **I. Summary of significant accounting policies (Continued)**

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

##### **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***

The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of July 1, 2010. This new standard changed the overall definitions and classifications of governmental fund balances.

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net assets."

## NOTES TO FINANCIAL STATEMENTS

---

### I. Summary of significant accounting policies (Continued)

#### D. Assets, liabilities, and net assets or equity (Continued)

##### 8. Fund equity (Continued)

**Fund Balance** – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Fund balances are classified as follows:

*Nonspendable* – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

*Restricted* – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

*Committed* – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by a formal vote of the City Council. Only the City Council may modify or rescind the commitment.

*Assigned* – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed.

*Unassigned* – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. The City, by ordinance, has created a minimum fund balance policy to be no less than 16% of the next fiscal year's budgeted expenditures, in order to maintain adequate reserves to cover unforeseen emergencies and/or revenue shortfalls. Current budgetary practice has been to reserve at least 21% for such purposes or an amount equal to 2.5 months of operating expenditures.

## NOTES TO FINANCIAL STATEMENTS

---

### **I. Summary of significant accounting policies (Continued)**

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

##### **8. Fund equity (Continued)**

**Flow Assumptions** – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: (1) Committed, (2) Assigned, (3) Unassigned.

**Net Assets** – Net assets represent the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net assets are reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net assets are reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

##### **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.

## NOTES TO FINANCIAL STATEMENTS

---

### 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 \$31,118,726 difference are as follows:

Bonds payable	\$ (26,220,000)
Less: Deferred charges on refunding	312,753
Less: Deferred charges for issuance costs	124,476
Plus: Issuance premium	(340,294)
Capital lease payable	(1,841,909)
Notes payable	(839,850)
Accrued interest payable	(203,815)
Net OPEB liability	(241,513)
Compensated absences	<u>(1,868,574)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$ (31,118,726)</u></u>

## NOTES TO FINANCIAL STATEMENTS

---

### II. Reconciliation of government-wide and fund financial statements (Continued)

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and 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 \$6,260,438 difference are as follows:

Capital outlay	\$ 14,308,032
Depreciation expense	<u>(8,047,594)</u>
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>\$ 6,260,438</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 decrease net assets.” The details of this \$225,378 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.	\$ (447,973)
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.	<u>222,595</u>
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>\$ (225,378)</u>



## NOTES TO FINANCIAL STATEMENTS

---

### II. Reconciliation of government-wide and fund financial statements (Continued)

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

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 \$7,581,786 difference are as follows:

Principal repayments:

General obligation bonds	\$	8,050,000
Capital lease		443,323
Note payable		87,450
Proceeds from new capital lease		(725,000)
Amortization of issuance costs		(69,641)
Amortization of deferred charges on refunding		(297,339)
Amortization of bond premium		92,993
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>7,581,786</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 \$346,678 difference are as follows:

Compensated absences	\$	(75,448)
Arbitrage rebate		114,589
Accrued interest		49,181
Net OPEB liability		(120,028)
Net pension asset		<u>(314,972)</u>
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>(346,678)</u>

## NOTES TO FINANCIAL STATEMENTS

---

### 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.

The following funds and General Fund departments had excesses of actual expenditures over appropriations for the fiscal year ended June 30, 2011:

Hotel/Motel Fund	\$	(230,184)
General Fund departments:		
Legal		(105,862)

These over expenditures were funded by greater than anticipated revenues and by available fund balance.

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.

## NOTES TO FINANCIAL STATEMENTS

### IV. Detailed notes on all funds

#### A. Deposits and investments

As of June 30, 2011, the City of Alpharetta had the following investments:

Investment	Maturity	Fair Value
Georgia Fund 1	59 days (weighted average)	\$ 17,442,565
U.S. Treasuries	1.14 years (weighted average)	6,982,341
Collateralized Mortgage Obligations	1.22 years (weighted average)	95,556
Agency*	0.57 years (weighted average)	7,334,241
U.S. Government Agency	0.086 years (weighted average)	199,997
Fidelity Money Market Account	1 day	4,480,782
	Total	<u>\$ 36,535,482</u>

\* The investments reported as Agency include US Treasury obligations as well as FDIC insured corporate stocks.

In addition to the investments listed above, the City has investments of \$33,657,897 recorded in the Pension Trust Funds. These funds are invested in mutual funds with a weighted-average maturity ranging from 6.07 years to 9.17 years. The mutual funds are invested in stocks and corporate bonds, with ratings ranging from AAA to BBB.

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 held outside the pension plan, 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. The investments with Fidelity Money Market Account are rated AAAM by Standards & Poor's. All investments met these requirements.

## NOTES TO FINANCIAL STATEMENTS

---

### IV. Detailed notes on all funds (Continued)

#### A. Deposits and investments (Continued)

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, 2011 were properly collateralized.

Through the structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing 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 State Treasurer of the State of Georgia. 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 State Treasurer of the State of Georgia.

## NOTES TO FINANCIAL STATEMENTS

### IV. Detailed notes on all funds (Continued)

#### B. Receivables

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

	General	Debt Service	Capital Projects	Grant Capital	Solid Waste	Nonmajor Governmental
Receivables:						
Taxes	\$ 2,240,278	\$ 218,006	\$ -	\$ -	\$ 183,548	\$ 280,699
Accounts	35,768	-	-	-	-	307,692
Intergovernmental	-	-	1,769,964	1,004,127	-	22,759
Gross receivables	2,276,046	218,006	1,769,964	1,004,127	183,548	611,150
Less allowance for uncollectibles	(238,065)	(95,740)	-	-	(58,883)	-
Net total receivables	<u>\$ 2,037,981</u>	<u>\$ 122,266</u>	<u>\$ 1,769,964</u>	<u>\$ 1,004,127</u>	<u>\$ 124,665</u>	<u>\$ 611,150</u>

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.

## NOTES TO FINANCIAL STATEMENTS

### IV. Detailed notes on all funds (Continued)

#### C. Capital assets

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

##### Primary government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land and permanent improvements	\$ 62,220,929	\$ 3,802,611	\$ (14,374)	\$ 1,309,502	\$ 67,318,668
Construction in progress	4,232,133	5,541,126	(17,383)	(5,537,541)	4,218,335
Total assets, not being depreciated	<u>66,453,062</u>	<u>9,343,737</u>	<u>(31,757)</u>	<u>(4,228,039)</u>	<u>71,537,003</u>
Capital assets, being depreciated:					
Buildings	34,213,357	2,547,927	(372,180)	355,054	36,744,158
Improvements other than buildings	25,026,821	1,262,124	-	1,256,147	27,545,092
Machinery and equipment	15,992,211	1,200,497	(730,491)	64,918	16,527,135
Infrastructure	154,623,231	176,342	(19,819)	2,551,920	157,331,674
Total assets, being depreciated	<u>229,855,620</u>	<u>5,186,890</u>	<u>(1,122,490)</u>	<u>4,228,039</u>	<u>238,148,059</u>
Less accumulated depreciation for:					
Buildings	(10,240,866)	(1,016,746)	12,616	-	(11,244,996)
Improvements other than buildings	(13,047,958)	(1,382,693)	-	-	(14,430,651)
Machinery and equipment	(9,122,261)	(1,595,940)	690,745	-	(10,027,456)
Infrastructure	(48,136,785)	(4,052,215)	2,913	-	(52,186,087)
Total accumulated depreciation	<u>(80,547,870)</u>	<u>(8,047,594)</u>	<u>706,274</u>	<u>-</u>	<u>(87,889,190)</u>
Total assets, being depreciated, net	<u>149,307,750</u>	<u>(2,860,704)</u>	<u>(416,216)</u>	<u>4,228,039</u>	<u>150,258,869</u>
Governmental activities capital assets, net	<u>\$ 215,760,812</u>	<u>\$ 6,483,033</u>	<u>\$ (447,973)</u>	<u>\$ -</u>	<u>\$ 221,795,872</u>

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

Governmental activities:	
General government	\$ 490,924
Public safety	1,447,374
Public works	5,153,291
Community development	44,620
Culture and recreation	<u>911,385</u>
Total depreciation expense - governmental activities	<u>\$ 8,047,594</u>

## NOTES TO FINANCIAL STATEMENTS

### IV. Detailed notes on all funds (Continued)

#### C. Capital assets (Continued)

##### Construction commitments

The government has active construction projects as of June 30, 2011. 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:

<u>Project</u>	<u>Spent- to-Date</u>	<u>Remaining Commitment</u>
Park improvements	\$ 2,096,709	\$ 229,301
Sidewalk and pedestrian projects	201,797	184,455
Street and transportation improvements	6,912,367	3,244,706
Public safety facilities	103,728	36,597
Machinery, equipment, and technology	158,477	25,072
Economic development	268,847	17,122
Total	<u>\$ 9,741,925</u>	<u>\$ 3,737,253</u>

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, 2011, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 112,280</u>

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.

## NOTES TO FINANCIAL STATEMENTS

---

### IV. Detailed notes on all funds (Continued)

#### D. Interfund receivables, payables, and transfers (Continued)

Interfund transfers for the year ended June 30, 2011:

Transfer in	Transfer out	Amount
General fund	Nonmajor governmental funds	<u>\$ 1,253,457</u>
Capital Projects fund	General fund	\$ 3,259,311
Capital Projects fund	Nonmajor governmental funds	<u>1,775,043</u>
		<u>\$ 5,034,354</u>
Debt Service fund	Nonmajor governmental funds	<u>\$ 500,000</u>
Nonmajor governmental funds	General fund	<u>\$ 50,000</u>
Risk Management fund	General fund	<u>\$ 726,300</u>

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, 2011 is \$47,910,000.



## NOTES TO FINANCIAL STATEMENTS

### IV. Detailed notes on all funds (Continued)

#### E. Long-term debt (Continued)

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

<u>Purpose</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	May 2026	4.0 - 6.5%	\$ 21,355,000
Governmental activities - refunding	May 2012	1.25 - 4.375%	4,865,000
			<u>\$ 26,220,000</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 5,940,000	\$ 1,149,281
2013	1,100,000	937,850
2014	1,145,000	893,850
2015	1,195,000	836,600
2016	1,240,000	776,850
2017-2021	6,970,000	3,082,440
2022-2026	8,630,000	1,286,125
Total	<u>\$ 26,220,000</u>	<u>\$ 8,962,996</u>

## NOTES TO FINANCIAL STATEMENTS

---

### IV. Detailed notes on all funds (Continued)

#### E. Long-term debt (Continued)

##### Refunded Debt

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 \$33,291. The refunding was undertaken to reduce total debt service payments and resulted in an economic gain and a present value cash flow of \$319,694.

##### Development Authority of Alpharetta Revenue Bonds

During fiscal year 1999, the Development Authority of Alpharetta entered into an agreement with Georgia State University Foundation (the "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.

## NOTES TO FINANCIAL STATEMENTS

### IV. Detailed notes on all funds (Continued)

#### E. Long-term debt (Continued)

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 deferred charge resulting from the reacquisition price exceeding the net carrying amount of the old debt is \$6,852. 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 annual requirements to amortize the Development Authority's revenue bonds outstanding as of June 30, 2011 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 550,000	\$ 212,200
2013	575,000	189,700
2014	595,000	166,300
2015	620,000	143,550
2016	640,000	119,100
2017-2019	2,110,000	161,750
Total	<u>\$ 5,090,000</u>	<u>\$ 992,600</u>

#### 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, 2011 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 90,750	\$ 35,013
2013	94,875	31,301
2014	98,175	27,440
2015	102,300	23,686
2016	105,600	19,652
2017-2019	348,150	26,688
Total	<u>\$ 839,850</u>	<u>\$ 163,780</u>

## NOTES TO FINANCIAL STATEMENTS

---

### IV. Detailed notes on all funds (Continued)

#### E. Long-term debt (Continued)

##### Capital Leases

The City has entered into two lease agreements as lessee for financing the acquisition of machinery and equipment, including new accounting software 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, 2011, the City had \$1,930,889 of machinery and equipment and construction in progress under capital leases.

The City's total capital lease debt service requirements to maturity are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>
2012	\$ 329,779
2013	329,779
2014	329,779
2015	329,779
2016	329,779
2017	441,754
Total minimum lease payments	2,090,649
Less amount representing interest	248,740
Present value of future minimum lease payments	<u>\$ 1,841,909</u>

## NOTES TO FINANCIAL STATEMENTS

### IV. Detailed notes on all funds (Continued)

#### E. Long-term debt (Continued)

##### Changes in Long-term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2011, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 34,270,000	\$ -	\$ (8,050,000)	\$ 26,220,000	\$ 5,940,000
Less deferred charges on refunding	(610,092)	-	297,339	(312,753)	
Plus issuance premium	433,287	-	(92,993)	340,294	
Net bonds payable	34,093,195	-	(7,845,654)	26,247,541	
Notes payable	927,300	-	(87,450)	839,850	90,750
Capital lease	1,560,232	725,000	(443,323)	1,841,909	271,277
Net OPEB obligation	121,485	120,028	-	241,513	
Arbitrage payable	114,589	-	(114,589)	-	
Claims and judgments	676,259	292,112	(439,210)	529,161	216,219
Compensated absences	1,793,126	1,893,581	(1,818,133)	1,868,574	1,606,973
Governmental activity Long-term liabilities	<u>\$ 39,286,186</u>	<u>\$ 3,030,721</u>	<u>\$ (10,748,359)</u>	<u>\$ 31,568,548</u>	<u>\$ 8,125,219</u>

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type activities:</b>					
Compensated absences	\$ 1,415	\$ 2,896	\$ (2,664)	\$ 1,647	\$ 1,647
Business-type activity Long-term liabilities	<u>\$ 1,415</u>	<u>\$ 2,896</u>	<u>\$ (2,664)</u>	<u>\$ 1,647</u>	<u>\$ 1,647</u>

For governmental activities, compensated absences are predominately liquidated by the general fund and emergency 911 fund; claims and judgments are liquidated by the risk management fund and other post-employment benefits are predominately liquidated by the general fund; and arbitrage is liquidated by the bond IV fund.

For business-type activities 100% of the compensated absences are considered due within one year, as the employee in the fund typically uses all vacation within a one year period.

## NOTES TO FINANCIAL STATEMENTS

### IV. Detailed notes on all funds (Continued)

#### E. Long-term debt (Continued)

Long-term liability activity for the Development Authority for the fiscal year ended June 30, 2011, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable	\$ 5,620,000	\$ -	\$ (530,000)	\$ 5,090,000	\$ 550,000
Less deferred charges	(7,708)	-	856	(6,852)	-
Plus issuance premium	548,142	-	(104,017)	444,125	-
Revenue bonds payable, net	<u>\$ 6,160,434</u>	<u>\$ -</u>	<u>\$ (633,161)</u>	<u>\$ 5,527,273</u>	<u>\$ 550,000</u>

### 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.

## NOTES TO FINANCIAL STATEMENTS

---

### V. Other information (Continued)

#### A. Risk management (Continued)

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 during the past two years are as follows:

	<u>Fiscal Year Ended June 30, 2011</u>	<u>Fiscal Year Ended June 30, 2010</u>
Unpaid claims, beginning of fiscal year	\$ 676,259	\$ 531,169
Claims incurred	292,112	429,187
Claims paid	(439,210)	(284,097)
Unpaid claims, end of fiscal year	<u>\$ 529,161</u>	<u>\$ 676,259</u>

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.

## NOTES TO FINANCIAL STATEMENTS

---

### **V. Other information (Continued)**

#### **B. Contingent liabilities (Continued)**

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, 2017.

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 operations 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



## NOTES TO FINANCIAL STATEMENTS

---

### V. Other information (Continued)

#### 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

##### 1. Defined Benefit Pension Plans

**Plan Description.** 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 Plans are closed to new entrants. The Regular Plan is funded by the City only while the Enhanced Plan is funded by both the City and the Plan participants.

The Plans cover all full-time government employees, government officials, and the elected or appointed judge of the Municipal Court, hired prior to July 1, 2009. 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, 2011, the date of the most recent actuarial valuation, there were 568 participants consisting of the following:

## NOTES TO FINANCIAL STATEMENTS

---

### V. Other information (Continued)

#### E. Retirement plans (Continued)

##### 1. Defined Benefit Pension Plans (Continued)

	Regular	Enhanced	Total
Retirees and beneficiaries currently receiving benefits	60	2	62
Vested terminated employees not yet receiving benefits	106	8	114
Active employees	134	258	392
Total	300	268	568

**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. Administrative costs are paid from the earnings of the fund.

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 2011 employees contributed \$388,005 to the Enhanced Plan. The City is required to contribute at an actuarially determined rate: the contribution rate for 2011 was 21.5% of payroll for the Regular Plan and 12.7% of payroll for the Enhanced Plan. The annual required contributions for the current year were determined as part of the January 1, 2010 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 3.5% per year, which includes 1.0% due to merit and 2.5% 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.

## NOTES TO FINANCIAL STATEMENTS

### V. Other information (Continued)

#### E. Retirement plans (Continued)

##### 1. Defined Benefit Pension Plans (Continued)

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

	For The Plan Year Ending June 30, 2011	For The Plan Year Ending June 30, 2010
Annual required contribution (ARC)	\$ 1,493,802	\$ 1,393,614
Adjustments to annual required contribution	16,381	-
Interest on net pension obligation (asset)	(64,380)	(68,557)
Annual pension cost	1,445,803	1,325,057
Contributions made	1,312,453	1,324,265
Increase (decrease) in NPO	133,350	792
NPO (asset) at beginning of year	(376,028)	(376,820)
NPO (asset) at end of year	<u>\$ (242,678)</u>	<u>\$ (376,028)</u>

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

	For The Plan Year Ending June 30, 2011	For The Plan Year Ending June 30, 2010
Annual required contribution (ARC)	\$ 2,034,543	\$ 1,605,638
Adjustments to annual required contribution	25,484	-
Interest on net pension obligation (asset)	(90,858)	(86,950)
Annual pension cost	1,969,169	1,518,688
Contributions made	1,787,547	1,525,740
Increase (decrease) in NPO	181,622	(7,052)
NPO (asset) at beginning of year	(559,164)	(552,112)
NPO (asset) at end of year	<u>\$ (377,542)</u>	<u>\$ (559,164)</u>

## NOTES TO FINANCIAL STATEMENTS

### V. Other information (Continued)

#### E. Retirement plans (Continued)

##### 1. Defined Benefit Pension Plans (Continued)

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

Fiscal Period Ending	Annual Pension Cost	Percentage Contributed	Net Pension Asset
2011	\$ 1,445,803	91%	\$ (242,678)
2010	1,325,057	100%	(376,028)
2009	1,062,445	97%	(376,820)

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

Fiscal Period Ending	Annual Pension Cost	Percentage Contributed	Net Pension Asset
2011	\$ 1,969,169	91%	\$ (377,542)
2010	1,518,688	100%	(559,164)
2009	1,556,678	97%	(552,112)

The following is a schedule of funding progress for the plans:

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] UAAL as a Percentage of Covered Payroll
1/1/2011 Regular	\$ 12,348,351	\$ 18,365,370	\$ 6,017,019	67.2%	\$ 7,048,267	85.4%
1/1/2011 Enhanced	18,562,778	15,675,623	(2,887,155)	118.4%	16,345,184	-17.7%

## NOTES TO FINANCIAL STATEMENTS

---

### V. Other information (Continued)

#### E. Retirement plans (Continued)

##### 1. Defined Benefit Pension Plans (Continued)

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 which presents a multiyear trend about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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, 2011.

Effective July 1, 2011, the two plans were combined to achieve greater administrative efficiency and operational simplicity. The funded ratio on a combined basis using the January 1, 2011 actuarial data is 90.8%.

## NOTES TO FINANCIAL STATEMENTS

### V. Other information (Continued)

#### E. Retirement plans (Continued)

##### 1. Defined Benefit Pension Plans (Continued)

The following is financial information for the City's Regular and Enhanced Pension Plans as of June 30, 2011.

	Regular Plan	Enhanced Plan
Assets		
Cash	\$ 18,584	\$ 14,326
Mutual funds	13,075,261	20,582,636
Total assets	<u>13,093,845</u>	<u>20,596,962</u>
Liabilities		
Accounts payable	17,546	27,451
Total liabilities	<u>17,546</u>	<u>27,451</u>
Net assets	<u>\$ 13,076,299</u>	<u>\$ 20,569,511</u>
Additions		
Employee contributions	\$ -	\$ 388,005
Employer contributions	1,312,453	1,787,547
Net appreciation in fair value of investments	1,988,917	2,960,072
Net interest and dividends	441,575	694,824
Total additions	<u>3,742,945</u>	<u>5,830,448</u>
Deductions		
Benefit payments	702,169	12,914
Total deductions	<u>702,169</u>	<u>12,914</u>
Net increase	3,040,776	5,817,534
Net assets, beginning of year	<u>10,035,523</u>	<u>14,751,977</u>
Net assets, end of year	<u>\$ 13,076,299</u>	<u>\$ 20,569,511</u>

## NOTES TO FINANCIAL STATEMENTS

---

### V. Other information (Continued)

#### E. Retirement plans (Continued)

##### 2. Defined Contribution Plan

**Plan description and funding requirements.** The City 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, 2011, there were 406 participants. Plan provisions and contribution requirements are established and may be amended by the City's Council.

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 City will match the employee's contribution, up to 5% of the employee's annual salary, into the 401(a) plan. Additionally, the City is required to contribute 10% of the annual salary of all employees hired subsequent to June 30, 2009. The City Council has the ability to amend the plan provisions. For the fiscal year ended June 30, 2011, the City's contribution to the 401(a) plan was \$947,726. The amount contributed by employees into the 457 plan was \$1,243,815.

#### 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. The Plan does not issue a separate stand-alone financial report.

**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.

## NOTES TO FINANCIAL STATEMENTS

### V. Other information (Continued)

#### F. Other post-employment benefits (Continued)

**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, 2010, the most recent actuarial valuation:

Active participants	392
Retirees and beneficiaries currently receiving benefits	<u>3</u>
Total	<u>395</u>

The following is a schedule of funding progress:

Fiscal Year	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] UAAL as a Percentage of Covered Payroll
2010	\$ -	\$ 862,110	\$ 862,110	0.0%	\$ 23,011,719	3.7%

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 which presents a multiyear trend about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.



## NOTES TO FINANCIAL STATEMENTS

### V. Other information (Continued)

#### F. Other post-employment benefits (Continued)

##### Annual OPEB Cost and Net OPEB Obligation

	For The Plan Year Ending June 30, 2011	For The Plan Year Ending June 30, 2010
Annual required contribution	\$ 129,564	\$ 110,981
Interest expense	6,982	3,358
Annual OPEB cost	136,546	114,339
Contributions made	16,518	49,334
Increase in net OPEB obligation	120,028	65,005
Net OPEB obligation at beginning of year	121,485	56,480
Net OPEB obligation at end of year	<u>\$ 241,513</u>	<u>\$ 121,485</u>

##### History of Annual OPEB Cost and Net OPEB Obligation

Fiscal Period Ending	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2011	\$ 136,546	12%	\$ 241,513
2010	114,339	43%	121,485
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, 2010. The assumptions used in the January 1, 2010 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.

Inflation Rate: 1%

## NOTES TO FINANCIAL STATEMENTS

---

### **V. Other information (Continued)**

#### **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 \$3,133,641 for the year ended June 30, 2010. Of this amount 100%, or \$3,133,641, was expended. Expenditures of the tax were used to promote tourism as required by O.C.G.A. 48-13-51.

#### **H. Subsequent events**

Effective July 1, 2011 the City has taken legal action to combine the two pension defined benefit plans, whereby they will now pool all assets and the assets will be available to pay benefits of the participants of the City's combined defined benefit pension plan.

## **REQUIRED SUPPLEMENTARY INFORMATION**

---

**CITY OF ALPHARETTA, GEORGIA  
REQUIRED SUPPLEMENTARY INFORMATION  
RETIREMENT PLANS**

**SCHEDULES OF FUNDING PROGRESS**

**City of Alpharetta Regular Defined Benefit Pension Plan**

<b>Actuarial Valuation Date</b>	<b>(a) Actuarial Value of Assets</b>	<b>(b) Actuarial Accrued Liability (AAL)</b>	<b>(b-a) Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>(a/b) Funded Ratio</b>	<b>(c) Covered Payroll</b>	<b>[(b-a)/c] UAAL as a Percentage of Covered Payroll</b>
2011	\$ 12,348,351	\$ 18,365,370	\$ 6,017,019	67.2%	\$ 7,048,267	85.4%
2010	10,805,314	16,968,520	6,163,206	63.7%	6,950,967	88.7%
2009	9,681,239	15,687,646	6,006,407	61.7%	7,246,851	82.9%
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%

Note: 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.

Note: 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**

<b>Actuarial Valuation Date</b>	<b>(a) Actuarial Value of Assets</b>	<b>(b) Actuarial Accrued Liability (AAL)</b>	<b>(b-a) Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>(a/b) Funded Ratio</b>	<b>(c) Covered Payroll</b>	<b>[(b-a)/c] UAAL as a Percentage of Covered Payroll</b>
2011	\$ 18,562,778	\$ 15,675,623	\$ (2,887,155)	118.4%	\$ 16,345,184	-17.7%
2010	14,965,812	17,064,753	2,098,941	87.7%	16,060,752	13.1%
2009	12,314,663	13,784,550	1,469,887	89.3%	14,098,321	10.4%
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, GEORGIA  
REQUIRED SUPPLEMENTARY INFORMATION  
RETIREMENT PLANS**

**SCHEDULES OF EMPLOYER CONTRIBUTIONS**

---

**City of Alpharetta Regular Defined Benefit Pension Plan**

<b>Actuarial Valuation Date</b>	<b>Annual Required Contribution (ARC)</b>	<b>% of ARC Contributed</b>
2010	\$ 1,493,802	88% *
2009	1,393,614	95% *
2008	1,126,310	91% *
2007	2,279,042	100%
2006	1,027,306	190%
2005	1,048,519	100%

\* The difference in ARC and the contribution was made up with the net pension asset. The plan reports a net pension asset of \$242,678 at year end.

**City of Alpharetta Enhanced Defined Benefit Pension Plan**

<b>Actuarial Valuation Date</b>	<b>Annual Required Contribution (ARC)</b>	<b>% of ARC Contributed</b>
2010	\$ 2,034,543	88% *
2009	1,605,638	95% *
2008	1,650,253	91% *

\* The difference in ARC and the contribution was made up with the net pension asset. The plan reports a net pension asset of \$377,542 at year end.  
See assumptions used and disclosed in Note V-E to the financial statements.

**CITY OF ALPHARETTA, GEORGIA  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POST-EMPLOYMENT BENEFITS**

**SCHEDULE OF FUNDING PROGRESS**

---

<b>Fiscal Year</b>	<b>Actuarial Value of Assets</b>	<b>(AAL) Actuarial Accrued Liability</b>	<b>(UAAL) Unfunded AAL</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as % of Covered Payroll</b>
2010	\$ -	\$ 862,110	\$ (862,110)	0%	\$ 23,011,719	3.7%
2009	-	696,331	(696,331)	0%	20,925,545	3.3%
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, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**GENERAL FUND**

**BUDGETARY COMPARISON SCHEDULE - GAAP BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 17,530,500	\$ 17,530,500	\$ 17,973,531	\$ 443,031
Sales and use taxes	10,800,000	10,800,000	11,230,204	430,204
Franchise taxes	5,800,000	5,800,000	6,152,869	352,869
Business taxes	2,930,000	2,930,000	3,023,400	93,400
Other taxes	1,735,000	1,735,000	2,033,759	298,759
Licenses and permits	1,027,000	1,027,000	1,819,139	792,139
Intergovernmental	76,252	76,252	61,294	(14,958)
Fines and forfeitures	3,000,000	3,000,000	3,110,574	110,574
Charges for services	2,482,700	2,482,700	2,913,918	431,218
Investment earnings	115,000	115,000	36,604	(78,396)
Contributions and donations	-	10,028	7,488	(2,540)
Other revenues	158,322	224,507	207,084	(17,423)
Total revenues	45,654,774	45,730,987	48,569,864	2,838,877
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government:</b>				
City clerk	270,292	270,292	252,606	17,686
Contingency	450,000	450,000	258,891	191,109
Mayor and council	301,165	301,165	210,244	90,921
Municipal court	993,351	993,351	928,142	65,209
Legal	400,000	400,000	505,862	(105,862)
City administrator	1,254,194	1,254,194	1,167,452	86,742
Finance	2,941,211	2,941,211	2,754,804	186,407
Human resources	401,177	401,177	292,169	109,008
Technology services	1,323,565	1,323,565	1,225,291	98,274
Internal audit	153,634	153,634	153,381	253
Non-departmental	45,000	45,000	45,000	-
Total general government	8,533,589	8,533,589	7,793,842	739,747
<b>Public safety</b>	22,036,993	22,103,678	21,626,628	477,050
<b>Engineering and public works</b>	6,596,083	6,595,083	6,343,910	251,173
<b>Community development</b>	2,028,382	2,028,382	1,932,992	95,390
<b>Culture and recreation</b>	6,642,072	6,669,269	6,137,913	531,356
<b>Debt service</b>				
Principal	443,325	443,325	443,323	2
Interest	71,308	71,308	71,308	-
Total expenditures	46,351,752	46,444,634	44,349,916	2,094,718
Excess (deficiency) of revenues over expenditures	(696,978)	(713,647)	4,219,948	4,933,595

Continued

**CITY OF ALPHARETTA, GEORGIA  
REQUIRED SUPPLEMENTARY INFORMATION  
GENERAL FUND**

**BUDGETARY COMPARISON SCHEDULE - GAAP BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets	26,450	26,450	247,893	221,443
Transfers in	1,100,000	1,100,000	1,253,457	153,457
Transfers out	(4,035,611)	(4,035,611)	(4,035,611)	-
Total other financing sources (uses)	(2,909,161)	(2,909,161)	(2,534,261)	374,900
Net change in fund balances	(3,606,139)	(3,622,808)	1,685,687	5,308,495
<b>Fund balances, beginning of year</b>	18,879,354	18,879,354	18,879,354	-
<b>Fund balances, end of year</b>	<u>\$ 15,273,215</u>	<u>\$ 15,256,546</u>	<u>\$ 20,565,041</u>	<u>\$ 5,308,495</u>



# NONMAJOR GOVERNMENTAL FUNDS

---

## Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted or committed to expenditures for particular purposes other than capital projects or debt service.

**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.

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

# CITY OF ALPHARETTA, GEORGIA

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2011

ASSETS	Special Revenue Funds		
	Hotel Motel	Impact Fee	Drug Enforcement
Cash and cash equivalents	\$ 1,517	\$ 63,360	\$ 1,344,155
Investments	9,429	393,932	-
Taxes receivable	280,699	-	-
Accounts receivable	-	-	-
Intergovernmental	-	-	-
Total assets	<u>\$ 291,645</u>	<u>\$ 457,292</u>	<u>\$ 1,344,155</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 168,418	\$ -	\$ 62,216
Accrued expenditures	-	-	-
Due to other funds	112,280	-	-
Deferred revenue	-	-	-
Total liabilities	<u>280,698</u>	<u>-</u>	<u>62,216</u>
FUND BALANCES			
Restricted:			
Capital projects	-	457,292	-
Law enforcement	-	-	1,281,939
Promotion of tourism	10,947	-	-
Emergency telephone activities	-	-	-
Assigned for grant projects	-	-	-
Total fund balances	<u>10,947</u>	<u>457,292</u>	<u>1,281,939</u>
Total liabilities and fund balances	<u>\$ 291,645</u>	<u>\$ 457,292</u>	<u>\$ 1,344,155</u>

---

<b>Grant Operating</b>	<b>E911</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 11,661	\$ 301,040	\$ 1,721,733
72,501	1,871,666	2,347,528
-	-	280,699
-	307,692	307,692
22,759	-	22,759
<u>\$ 106,921</u>	<u>\$ 2,480,398</u>	<u>\$ 4,680,411</u>

\$ 770	\$ 544,448	\$ 775,852
-	20,111	20,111
-	-	112,280
2,910	-	2,910
<u>3,680</u>	<u>564,559</u>	<u>911,153</u>

-	-	457,292
-	-	1,281,939
-	-	10,947
-	1,915,839	1,915,839
103,241	-	103,241
<u>103,241</u>	<u>1,915,839</u>	<u>3,769,258</u>
<u>\$ 106,921</u>	<u>\$ 2,480,398</u>	<u>\$ 4,680,411</u>

# CITY OF ALPHARETTA, GEORGIA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Special Revenue Funds		
	Hotel Motel	Impact Fee	Drug Enforcement
<b>Revenues:</b>			
Hotel/Motel taxes	\$ 3,133,641	\$ -	\$ -
Impact fees	-	251,116	-
Charges for services	-	-	-
Forfeiture income	-	-	1,125,215
Intergovernmental	-	-	-
Contributions	-	-	-
Investment earnings	-	602	2,019
Total revenues	<u>3,133,641</u>	<u>251,718</u>	<u>1,127,234</u>
<b>Expenditures:</b>			
Current:			
General government	-	7,534	-
Culture and recreation	-	-	-
Public safety	-	-	649,765
Community development	1,880,184	-	-
Total expenditures	<u>1,880,184</u>	<u>7,534</u>	<u>649,765</u>
Excess of revenues over expenditures	<u>1,253,457</u>	<u>244,184</u>	<u>477,469</u>
<b>Other financing sources (uses):</b>			
Transfers in	-	-	-
Transfers out	(1,253,457)	(500,000)	-
Total other financing sources (uses)	<u>(1,253,457)</u>	<u>(500,000)</u>	<u>-</u>
Net change in fund balances	-	(255,816)	477,469
<b>Fund balances (deficit), beginning of year</b>	<u>10,947</u>	<u>713,108</u>	<u>804,470</u>
<b>Fund balances, end of year</b>	<u>\$ 10,947</u>	<u>\$ 457,292</u>	<u>\$ 1,281,939</u>

---

<b>Grant Operating</b>	<b>E911</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ -	\$ 3,133,641
-	-	251,116
-	2,280,641	2,280,641
-	-	1,125,215
247,240	535,797	783,037
8,000	-	8,000
-	3,488	6,109
<u>255,240</u>	<u>2,819,926</u>	<u>7,587,759</u>
-	-	7,534
1,916	-	1,916
163,195	2,050,158	2,863,118
-	-	1,880,184
<u>165,111</u>	<u>2,050,158</u>	<u>4,752,752</u>
<u>90,129</u>	<u>769,768</u>	<u>2,835,007</u>
50,000	-	50,000
-	(1,775,043)	(3,528,500)
<u>50,000</u>	<u>(1,775,043)</u>	<u>(3,478,500)</u>
140,129	(1,005,275)	(643,493)
<u>(36,888)</u>	<u>2,921,114</u>	<u>4,412,751</u>
<u>\$ 103,241</u>	<u>\$ 1,915,839</u>	<u>\$ 3,769,258</u>

**CITY OF ALPHARETTA, GEORGIA**  
**HOTEL MOTEL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Hotel/Motel taxes	\$ 2,750,000	\$ 2,750,000	\$ 3,133,641	\$ 383,641
Total revenues	<u>2,750,000</u>	<u>2,750,000</u>	<u>3,133,641</u>	<u>383,641</u>
<b>Expenditures:</b>				
Current:				
Community development	<u>1,650,000</u>	<u>1,650,000</u>	<u>1,880,184</u>	<u>(230,184)</u>
Total expenditures	<u>1,650,000</u>	<u>1,650,000</u>	<u>1,880,184</u>	<u>(230,184)</u>
Excess of revenues over expenditures	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,253,457</u>	<u>153,457</u>
<b>Other financing uses:</b>				
Transfers out	<u>(1,100,000)</u>	<u>(1,100,000)</u>	<u>(1,253,457)</u>	<u>(153,457)</u>
Total other financing uses	<u>(1,100,000)</u>	<u>(1,100,000)</u>	<u>(1,253,457)</u>	<u>(153,457)</u>
Net changes in fund balances	-	-	-	-
<b>Fund balances, beginning of year</b>	<u>10,947</u>	<u>10,947</u>	<u>10,947</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u><u>\$ 10,947</u></u>	<u><u>\$ 10,947</u></u>	<u><u>\$ 10,947</u></u>	<u><u>\$ -</u></u>

**CITY OF ALPHARETTA, GEORGIA**  
**IMPACT FEE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>Budget</b>		<b>Actual</b>	<b>Variance With Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Impact fees	\$ 30,000	\$ 30,000	\$ 251,116	\$ 221,116
Investment earnings	2,500	2,500	602	(1,898)
Total revenues	<u>32,500</u>	<u>32,500</u>	<u>251,718</u>	<u>219,218</u>
<b>Expenditures:</b>				
Current:				
General government	900	245,608	7,534	238,074
Total expenditures	<u>900</u>	<u>245,608</u>	<u>7,534</u>	<u>238,074</u>
Excess (deficiency) of revenues over expenditures	<u>31,600</u>	<u>(213,108)</u>	<u>244,184</u>	<u>457,292</u>
<b>Other financing uses:</b>				
Transfers out	(500,000)	(500,000)	(500,000)	-
Total other financing uses	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
Net changes in fund balances	(468,400)	(713,108)	(255,816)	457,292
<b>Fund balances, beginning of year</b>	<u>713,108</u>	<u>713,108</u>	<u>713,108</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 244,708</u>	<u>\$ -</u>	<u>\$ 457,292</u>	<u>\$ 457,292</u>

**CITY OF ALPHARETTA, GEORGIA  
DRUG ENFORCEMENT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>Budget</b>			<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>Revenues:</b>				
Forfeiture income	\$ 50,000	\$ 50,000	\$ 1,125,215	\$ 1,075,215
Investment earnings	2,500	2,500	2,019	(481)
Total revenues	52,500	52,500	1,127,234	1,074,734
<b>Expenditures:</b>				
Current:				
Public safety	250,000	833,982	649,765	184,217
Total expenditures	250,000	833,982	649,765	184,217
Net changes in fund balances	(197,500)	(781,482)	477,469	1,258,951
<b>Fund balances, beginning of year</b>	804,470	804,470	804,470	-
<b>Fund balances, end of year</b>	<u>\$ 606,970</u>	<u>\$ 22,988</u>	<u>\$ 1,281,939</u>	<u>\$ 1,258,951</u>



**CITY OF ALPHARETTA, GEORGIA**  
**GRANT OPERATING FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ 269,388	\$ 247,240	\$ (22,148)
Contributions and donations	-	7,875	8,000	125
Total revenues	-	277,263	255,240	(22,023)
<b>Expenditures:</b>				
Current:				
Public safety	-	181,846	163,195	18,651
Culture and recreation	-	53,755	1,916	51,839
Contingencies	50,000	55,273	-	55,273
Total expenditures	50,000	290,874	165,111	125,763
Excess (deficiency) of revenues over expenditures	(50,000)	(13,611)	90,129	103,740
<b>Other financing sources:</b>				
Transfers in	50,000	50,000	50,000	-
Total other financing sources	50,000	50,000	50,000	-
Net changes in fund balances	-	36,389	140,129	103,740
<b>Fund balances (deficit), beginning of year</b>	<u>(36,888)</u>	<u>(36,888)</u>	<u>(36,888)</u>	<u>-</u>
<b>Fund balances (deficit), end of year</b>	<u>\$ (36,888)</u>	<u>\$ (499)</u>	<u>\$ 103,241</u>	<u>\$ 103,740</u>

**CITY OF ALPHARETTA, GEORGIA  
EMERGENCY 911 FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 1,718,361	\$ 1,718,361	\$ 2,280,641	\$ 562,280
Intergovernmental	606,787	606,787	535,797	(70,990)
Investment earnings	2,000	2,000	3,488	1,488
Total revenues	<u>2,327,148</u>	<u>2,327,148</u>	<u>2,819,926</u>	<u>492,778</u>
<b>Expenditures:</b>				
Current:				
Public safety	<u>2,327,148</u>	<u>3,002,148</u>	<u>2,050,158</u>	<u>951,990</u>
Total expenditures	<u>2,327,148</u>	<u>3,002,148</u>	<u>2,050,158</u>	<u>951,990</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(675,000)</u>	<u>769,768</u>	<u>1,444,768</u>
<b>Other financing uses:</b>				
Transfers out	<u>(1,775,043)</u>	<u>(1,775,043)</u>	<u>(1,775,043)</u>	<u>-</u>
Total other financing uses	<u>(1,775,043)</u>	<u>(1,775,043)</u>	<u>(1,775,043)</u>	<u>-</u>
Net changes in fund balances	(1,775,043)	(2,450,043)	(1,005,275)	1,444,768
Fund balances, beginning of year	<u>2,921,114</u>	<u>2,921,114</u>	<u>2,921,114</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,146,071</u>	<u>\$ 471,071</u>	<u>\$ 1,915,839</u>	<u>\$ 1,444,768</u>

**CITY OF ALPHARETTA, GEORGIA  
DEBT SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 6,846,900	\$ 6,846,900	\$ 7,202,093	\$ 355,193
Investment earnings	50,000	50,000	27,139	(22,861)
Total revenues	<u>6,896,900</u>	<u>6,896,900</u>	<u>7,229,232</u>	<u>332,332</u>
<b>Expenditures:</b>				
Current:				
General government	5,000	5,000	3,150	1,850
Debt service:				
Principal	8,137,450	8,137,450	8,137,450	-
Interest	1,451,365	1,451,365	1,451,365	-
Total expenditures	<u>9,593,815</u>	<u>9,593,815</u>	<u>9,591,965</u>	<u>1,850</u>
Deficiency of revenues over expenditures	<u>(2,696,915)</u>	<u>(2,696,915)</u>	<u>(2,362,733)</u>	<u>334,182</u>
<b>Other financing sources:</b>				
Transfers in	500,000	500,000	500,000	-
Total other financing sources	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Net change in fund balances	(2,196,915)	(2,196,915)	(1,862,733)	334,182
Fund balances, beginning of year	<u>6,811,110</u>	<u>6,811,110</u>	<u>6,811,110</u>	<u>-</u>
Fund balances, end of year	<u>\$ 4,614,195</u>	<u>\$ 4,614,195</u>	<u>\$ 4,948,377</u>	<u>\$ 334,182</u>

# FIDUCIARY FUNDS

---

## Pension Trust Funds

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

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

**Enhanced Plan 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, GEORGIA

## COMBINING STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS JUNE 30, 2011

	<u>Regular Plan</u>	<u>Enhanced Plan</u>	<u>Total Fiduciary Funds</u>
<b>ASSETS</b>			
Cash	\$ 18,584	\$ 14,326	\$ 32,910
Mutual funds	<u>13,075,261</u>	<u>20,582,636</u>	<u>33,657,897</u>
Total assets	<u>13,093,845</u>	<u>20,596,962</u>	<u>33,690,807</u>
<b>LIABILITIES</b>			
Accounts payable	<u>17,546</u>	<u>27,451</u>	<u>44,997</u>
Total liabilities	<u>17,546</u>	<u>27,451</u>	<u>44,997</u>
<b>NET ASSETS</b>			
Assets held in trust for pension benefits	<u>\$ 13,076,299</u>	<u>\$ 20,569,511</u>	<u>\$ 33,645,810</u>

# CITY OF ALPHARETTA, GEORGIA

## COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Regular Plan	Enhanced Plan	Total Fiduciary Funds
<b>ADDITIONS</b>			
Contributions:			
Employee contributions	\$ -	\$ 388,005	\$ 388,005
Employer contributions	1,312,453	1,787,547	3,100,000
Total contributions	1,312,453	2,175,552	3,488,005
Investment income:			
Net appreciation in fair value of investments	1,988,917	2,960,072	4,948,989
Interest and dividends	441,575	694,824	1,136,399
Net investment income	2,430,492	3,654,896	6,085,388
Total additions	3,742,945	5,830,448	9,573,393
<b>DEDUCTIONS</b>			
Benefit payments	702,169	12,914	715,083
Total deductions	702,169	12,914	715,083
Net increase	3,040,776	5,817,534	8,858,310
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>			
Beginning of year	10,035,523	14,751,977	24,787,500
End of year	\$ 13,076,299	\$ 20,569,511	\$ 33,645,810

**DISCRETELY PRESENTED COMPONENT UNIT –  
DEVELOPMENT AUTHORITY OF ALPHARETTA**

---

# CITY OF ALPHARETTA, GEORGIA

## BALANCE SHEET COMPONENT UNIT - DEVELOPMENT AUTHORITY JUNE 30, 2011

---

<b>Assets</b>	
Cash	\$ 85,404
Total assets	<u>\$ 85,404</u>
<b>Liabilities and Fund Balance</b>	
Accounts payable	\$ 39,127
Total liabilities	<u>39,127</u>
Unassigned	<u>46,277</u>
Total fund balance	<u>46,277</u>
Total liabilities and fund balance	<u>\$ 85,404</u>



# CITY OF ALPHARETTA, GEORGIA

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPONENT UNIT - DEVELOPMENT AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2011

---

### Revenues:

Investment earnings	\$ 171
Miscellaneous income	<u>779,755</u>
Total revenues	<u>779,926</u>

### Expenditures:

Community development	63,544
Debt service:	
Principal	530,000
Interest	<u>232,475</u>
Total expenditures	<u>826,019</u>

Net change in fund balances	(46,093)
-----------------------------	----------

Fund balance, beginning of year	<u>92,370</u>
---------------------------------	---------------

Fund balance, end of year	<u><u>\$ 46,277</u></u>
---------------------------	-------------------------

## 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>Page</u>
<b>Financial Trends .....</b>	<b>81-86</b>

**These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.**

<b>Revenue Capacity.....</b>	<b>87-92</b>
------------------------------	--------------

**These schedules contain information to help the reader assess the government's most significant local revenue source, property tax.**

<b>Debt Capacity.....</b>	<b>93-96</b>
---------------------------	--------------

**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.**

<b>Demographic and Economic Information .....</b>	<b>97 and 98</b>
---	------------------

**These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.**

<b>Operating Information .....</b>	<b>99-101</b>
------------------------------------	---------------

**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, GEORGIA

## NET ASSETS BY COMPONENT LAST NINE FISCAL YEARS

(accrual basis of accounting)

	2011	2010	2009
Governmental activities			
Invested in capital assets, net of related debt (2)	\$ 197,506,611	\$ 187,034,265	\$ 175,867,666
Restricted	9,944,113	7,524,218	18,232,657
Unrestricted	25,107,500	36,664,811	25,022,020
Total governmental activities net assets	<u>\$ 232,558,224</u>	<u>\$ 231,223,294</u>	<u>\$ 219,122,343</u>
Business-type activities (1)			
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -
Restricted	-	-	-
Unrestricted	995,792	956,834	982,404
Total business-type activities net assets	<u>\$ 995,792</u>	<u>\$ 956,834</u>	<u>\$ 982,404</u>
Primary government			
Invested in capital assets, net of related debt	\$ 197,506,611	\$ 187,034,265	\$ 175,867,666
Restricted	9,944,113	7,524,218	18,232,657
Unrestricted	26,103,292	37,621,645	26,004,424
Total primary government net assets	<u>\$ 233,554,016</u>	<u>\$ 232,180,128</u>	<u>\$ 220,104,747</u>

(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.

<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
\$ 167,306,416	\$ 159,669,387	\$ 82,695,772	\$ 31,096,624	\$ 18,081,075	\$ 15,452,957
18,140,239	14,174,532	14,392,861	12,951,724	12,540,493	16,990,626
25,645,599	24,814,424	22,444,151	14,828,584	13,125,220	5,389,140
<u>\$ 211,092,254</u>	<u>\$ 198,658,343</u>	<u>\$ 119,532,784</u>	<u>\$ 58,876,932</u>	<u>\$ 43,746,788</u>	<u>\$ 37,832,723</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,598,670	\$ 2,597,943
-	-	-	-	1,649,342	1,645,519
843,883	630,455	467,185	435,139	460,343	269,267
<u>\$ 843,883</u>	<u>\$ 630,455</u>	<u>\$ 467,185</u>	<u>\$ 435,139</u>	<u>\$ 4,708,355</u>	<u>\$ 4,512,729</u>
\$ 167,306,416	\$ 159,669,387	\$ 82,695,772	\$ 31,096,624	\$ 20,679,745	\$ 18,050,900
18,140,239	14,174,532	14,392,861	12,951,724	14,189,835	18,636,145
26,489,482	25,444,879	22,911,336	15,263,723	13,585,563	5,658,407
<u>\$ 211,936,137</u>	<u>\$ 199,288,798</u>	<u>\$ 119,999,969</u>	<u>\$ 59,312,071</u>	<u>\$ 48,455,143</u>	<u>\$ 42,345,452</u>

# CITY OF ALPHARETTA, GEORGIA

## CHANGES IN NET ASSETS LAST NINE FISCAL YEARS (accrual basis of accounting)

	2011	2010	2009
<b>Expenses</b>			
Governmental activities (1):			
General government	\$ 8,731,761	\$ 9,424,951 (8)	\$ 13,555,184
Public safety	25,935,466	25,425,405	25,257,385
Public works	17,823,080	12,201,036 (8)	8,851,486
Community development	3,883,385	3,676,652	3,864,513
Culture and recreation	7,049,036	7,127,575	7,235,369
Interest on long-term debt	1,632,890	1,737,171	2,400,013
Total governmental activities expenses	<u>65,055,618</u>	<u>59,592,790</u>	<u>61,163,950</u>
Business-type activities:			
Water (2)	-	-	-
Solid waste	3,048,205	2,677,687	2,525,644
Total business-type activities expenses	<u>3,048,205</u>	<u>2,677,687</u>	<u>2,525,644</u>
Total primary government expenses	<u><u>\$ 68,103,823</u></u>	<u><u>\$ 62,270,477</u></u>	<u><u>\$ 63,689,594</u></u>
<b>Program Revenues</b>			
Governmental activities:			
Charges for services (3):			
General government	\$ 3,791,391	\$ 3,921,041	\$ 4,461,205
Public safety	4,704,105	3,788,809	3,208,110
Public works	14,214	10,543	27,799
Community development	2,051,232	1,524,015	1,145,558 (6)
Culture and recreation	1,869,572	1,840,027	1,968,879
Operating grants and contributions	85,049	180,396	689,900
Capital grants and contributions (4)	3,397,529	9,084,587 (9)	3,962,277 (7)
Total governmental activities program revenues	<u>15,913,092</u>	<u>20,349,418</u>	<u>15,463,728</u>
Business-type activities:			
Charges for services:			
Water (2)	-	-	-
Solid waste	3,083,736	2,645,368	2,633,974
Total business-type activities program revenues	<u>3,083,736</u>	<u>2,645,368</u>	<u>2,633,974</u>
Total primary government program revenues	<u><u>\$ 18,996,828</u></u>	<u><u>\$ 22,994,786</u></u>	<u><u>\$ 18,097,702</u></u>
<b>Net (expense)/revenue</b>			
Governmental activities	\$ (49,142,526)	\$ (39,243,372)	\$ (45,700,222)
Business-type activities	35,531	(32,319)	108,330
Total primary government net expense	<u><u>\$ (49,106,995)</u></u>	<u><u>\$ (39,275,691)</u></u>	<u><u>\$ (45,591,892)</u></u>

(continued)

2008	2007	2006	2005	2004	2003
\$ 12,534,856	\$ 11,261,061	\$ 8,990,207	\$ 8,380,030	\$ 5,736,222	\$ 7,089,104
22,676,999	20,667,092	19,095,508	15,904,517	14,391,972	14,149,504
10,119,284	9,634,496	5,662,936	3,469,265	7,375,964	1,676,631
4,121,134	3,821,709	3,836,608	2,937,850	4,111,451	4,064,468
7,107,174	6,884,913	6,495,895	4,571,699	5,958,248	7,164,113
2,736,354	3,104,426	2,043,045	2,233,542	2,391,175	2,944,647
59,295,801	55,373,697	46,124,199	37,496,903	39,965,032	37,088,467
-	-	-	7,641,035	3,495,165	3,713,758
2,489,734	2,499,994	2,231,660	1,934,505	1,823,049	1,742,504
2,489,734	2,499,994	2,231,660	9,575,540	5,318,214	5,456,262
\$ 61,785,535	\$ 57,873,691	\$ 48,355,859	\$ 47,072,443	\$ 45,283,246	\$ 42,544,729
\$ 4,169,775	\$ 4,053,626	\$ 4,299,561	\$ 641,391	\$ 560,148	\$ 465,150
3,320,904	3,202,515	1,584,186	3,332,420	3,831,618	4,084,155
64,874	228,036	110,457	172,052	134,418	5,808
2,198,050	2,842,438	2,432,818	3,721,024	1,491,721	1,646,156
2,061,190	1,985,418	1,962,193	2,089,562	1,654,132	1,699,412
273,823	1,129,000	116,537	74,860	68,360	65,818
6,758,541	10,554,478	53,542,116	5,819,430	514,766	77,594
18,847,157	23,995,511	64,047,868	15,850,739	8,255,163	8,044,093
-	-	-	3,470,393	3,806,501	3,543,892
2,643,367	2,621,405	1,985,355	1,838,047	1,686,477	1,621,302
2,643,367	2,621,405	1,985,355	5,308,440	5,492,978	5,165,194
\$ 21,490,524	\$ 26,616,916	\$ 66,033,223	\$ 21,159,179	\$ 13,748,141	\$ 13,209,287
\$ (40,448,644)	\$ (31,378,186)	\$ 17,923,669	\$ (21,646,164)	\$ (31,709,869)	\$ (29,044,374)
153,633	121,411	(246,305)	(4,267,100)	174,764	(291,068)
\$ (40,295,011)	\$ (31,256,775)	\$ 17,677,364	\$ (25,913,264)	\$ (31,535,105)	\$ (29,335,442)

# CITY OF ALPHARETTA, GEORGIA

## CHANGES IN NET ASSETS LAST NINE FISCAL YEARS (accrual basis of accounting)

	2011	2010	2009
<b>General Revenues and Other Changes in Net Assets</b>			
Governmental activities:			
Property taxes	\$ 24,818,984	\$ 25,988,259	\$ 26,400,456
Sales taxes	11,230,204	11,174,798	10,696,787
Franchise taxes (5)	6,152,869	6,017,828	5,838,582
Hotel/Motel occupancy tax (5)	3,133,641	2,831,888	3,062,307
Business taxes (5)	3,023,400	3,096,541	3,155,734
Other taxes (5)	2,033,759	1,884,379	1,793,318
Unrestricted investment earnings	84,599	350,630	1,333,572
Gain on sale of capital assets	-	-	-
Miscellaneous	-	-	-
Transfers	-	-	-
Total governmental activities	<u>50,477,456</u>	<u>51,344,323</u>	<u>52,280,756</u>
Business-type activities:			
Unrestricted investment earnings	3,427	6,749	30,191
Miscellaneous	-	-	-
Transfers	-	-	-
Total business-type activities	<u>3,427</u>	<u>6,749</u>	<u>30,191</u>
Total primary government	<u>\$ 50,480,883</u>	<u>\$ 51,351,072</u>	<u>\$ 52,310,947</u>
<b>Change in Net Assets</b>			
Governmental activities	\$ 1,334,930	\$ 12,100,951	\$ 6,580,534
Business-type activities	38,958	(25,570)	138,521
Total primary government	<u>\$ 1,373,888</u>	<u>\$ 12,075,381</u>	<u>\$ 6,719,055</u>

- (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.

	2008	2007	2006	2005	2004	2003
\$	25,223,033	\$ 22,438,746	\$ 21,015,938	\$ 18,591,907	\$ 17,327,608	\$ 17,441,980
	11,263,805	9,992,908	8,838,133	8,892,107	7,353,813	5,638,618
	5,378,667	5,065,549	4,170,781	2,938,193	-	-
	3,674,176	3,479,163	3,130,740	2,705,566	-	-
	3,138,828	3,054,027	2,835,449	2,632,855	-	-
	1,841,631	1,937,671	1,886,529	1,614,539	12,223,068	11,359,475
	2,363,020	3,179,417	1,105,481	975,868	204,192	660,410
	-	-	-	23,351	14,095	35,303
	-	-	-	80,706	501,158	878,320
	(605)	-	(250,868)	28,317	-	(60,000)
	<u>52,882,555</u>	<u>49,147,481</u>	<u>42,732,183</u>	<u>38,483,409</u>	<u>37,623,934</u>	<u>35,954,106</u>
	59,190	41,859	27,483	22,201	10,643	26,211
	-	-	-	-	10,189	4,581
	605	-	250,868	(28,317)	-	60,000
	<u>59,795</u>	<u>41,859</u>	<u>278,351</u>	<u>(6,116)</u>	<u>20,832</u>	<u>90,792</u>
\$	<u><u>52,942,350</u></u>	<u><u>49,189,340</u></u>	<u><u>43,010,534</u></u>	<u><u>38,477,293</u></u>	<u><u>37,644,766</u></u>	<u><u>36,044,898</u></u>
\$	12,433,911	\$ 17,769,295	\$ 60,655,852	\$ 16,837,245	\$ 5,914,065	\$ 6,909,732
	213,428	163,270	32,046	(4,273,216)	195,596	(200,276)
\$	<u><u>12,647,339</u></u>	<u><u>17,932,565</u></u>	<u><u>60,687,898</u></u>	<u><u>12,564,029</u></u>	<u><u>6,109,661</u></u>	<u><u>6,709,456</u></u>

- (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 a large decrease of capital grants and contributions.
- (8) Prior to 2010 the City charged depreciation expense related to City's infrastructure to the general government function and in 2010 began charging to the public works function.
- (9) In 2010 the City received a donated road and bridge worth over \$7,000,000.



# CITY OF ALPHARETTA, GEORGIA

## GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE LAST NINE FISCAL YEARS (accrual basis of accounting)

---

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax (1)</b>	<b>Hotel/Motel Occupancy Tax (1)</b>
2003	\$ 17,441,980	\$ 5,638,618	\$ -	\$ -
2004	17,327,608	7,353,813	-	-
2005	18,591,907	8,892,107	2,938,193	2,705,566
2006	21,015,938	8,838,133	4,170,781	3,130,740
2007	22,438,746	9,992,908	5,065,549	3,479,163
2008	25,223,033	11,263,805	5,378,667	3,674,176
2009	26,400,456	10,696,787	5,838,582	3,062,307
2010	25,988,259	11,174,798	6,017,828	2,831,888
2011	24,818,984	11,230,204	6,152,869	3,133,641

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

---

<b>Business Taxes (1)</b>	<b>Other Taxes</b>	<b>Total</b>
\$ -	\$ 11,359,475	\$ 34,440,073
-	12,223,068	36,904,489
2,632,855	1,614,539	37,375,167
2,835,449	1,886,529	41,877,570
3,054,027	1,937,671	45,968,064
3,138,828	1,841,631	50,520,140
3,155,734	1,793,318	50,947,184
3,096,541	1,884,379	50,993,693
3,023,400	2,033,759	50,392,857

# CITY OF ALPHARETTA, GEORGIA

## FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (modified accrual basis of accounting)

	<u>2011 (3)</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General fund				
Reserved	\$ -	\$ 63,663	\$ 33,154	\$ 49,466
Unreserved	-	18,815,691	21,262,328	22,833,742
Assigned - FY 2012 appropriations	4,441,136	-	-	-
Unassigned	16,123,905	-	-	-
Total general fund	<u>\$ 20,565,041</u>	<u>\$ 18,879,354</u>	<u>\$ 21,295,482</u>	<u>\$ 22,883,208</u>
All other governmental funds				
Reserved	\$ -	\$ 10,508,967	\$ 11,653,684	\$ 15,270,790
Unreserved, reported in:				
Special revenue funds	-	3,711,378	3,087,843	2,746,028
Capital projects funds (1)	-	19,154,319	16,364,581	13,698,188
Restricted:				
Capital projects	4,411,296	-	-	-
Law enforcement	1,281,939	-	-	-
Emergency telephone services	1,915,839	-	-	-
Grant projects	610,351	-	-	-
Debt service	4,948,377	-	-	-
Promotion of tourism	10,947	-	-	-
Assigned:				
Grant projects	103,241	-	-	-
Capital projects	4,055,233	-	-	-
Total all other governmental funds	<u>\$ 17,337,223</u>	<u>\$ 33,374,664</u>	<u>\$ 31,106,108</u>	<u>\$ 31,715,006</u>

(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.

(3) During 2011 the City implemented GASB Statement No. 54, which changed the reporting of the fund balance.

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 411,191	\$ 416,165	\$ 381,148	\$ 910,188	\$ 746,100	\$ 360,366
19,435,188	21,989,576	20,565,210	17,675,936	13,182,532	11,755,347
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 19,846,379</u>	<u>\$ 22,405,741</u>	<u>\$ 20,946,358</u>	<u>\$ 18,586,124</u>	<u>\$ 13,928,632</u>	<u>\$ 12,115,713</u>
\$ 14,809,412	\$ 15,644,487	\$ 13,927,318	\$ 13,303,127	\$ 17,064,512	\$ 17,207,639
2,035,713 (2)	129,081	46,402	10,722	813,753	867,236
18,023,349	20,494,549	(2,687,361)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 34,868,474</u>	<u>\$ 36,268,117</u>	<u>\$ 11,286,359</u>	<u>\$ 13,313,849</u>	<u>\$ 17,878,265</u>	<u>\$ 18,074,875</u>

# CITY OF ALPHARETTA, GEORGIA

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (modified accrual basis of accounting)

	2011	2010	2009	2008
<b>Revenues</b>				
Property taxes	\$ 25,175,624	\$ 25,940,049	\$ 26,363,736	\$ 25,276,979
Sales tax	11,230,204	11,174,798	10,696,787	11,263,805
Other taxes	14,343,669	13,830,636	13,849,941	14,033,302
Licenses and permits	1,819,139	1,497,744	1,369,379 (3)	2,241,052
Intergovernmental	1,417,580	1,018,726	2,654,411	4,789,371 (2)
Contributions and donations	96,957	1,038,048	1,185,269	1,401,217
Charges for services	5,194,559	4,640,288	4,646,782	4,863,146
Impact fees	251,116	104,486	591,847	453,917
Fines and forfeitures	4,235,789	3,867,865	3,726,714	3,936,673
Investment earnings	84,599	350,630	1,204,047 (4)	2,363,020
Miscellaneous	405,286	295,292	476,829	320,005
Total revenues	<u>64,254,522</u>	<u>63,758,562</u>	<u>66,765,742</u>	<u>70,942,487</u>
<b>Expenditures</b>				
General government	7,805,079	7,390,748	8,394,078	8,178,118
Public safety	24,489,746	23,891,333	23,656,964	21,584,771
Public works	6,343,910	7,025,225	7,312,275	6,929,946
Community development	3,813,176	3,624,923	3,741,557	4,083,613
Environmental services	-	-	-	-
Culture and recreation	6,139,829	6,168,144	6,303,376	6,453,642
Other	-	-	-	-
Capital outlay	20,157,683	4,729,958	9,724,389 (5)	16,246,727
Debt service				
Principal	8,580,773	8,109,879	7,624,937	7,316,818
Interest	1,522,673	1,789,637	2,438,731	2,745,648
Other charges	-	-	153,513	-
Total expenditures	<u>78,852,869</u>	<u>62,729,847</u>	<u>69,349,820</u>	<u>73,539,283</u>
Excess (deficiency) of revenues over (under) expenditures	(14,598,347)	1,028,715	(2,584,078)	(2,596,796)
<b>Other financing sources (uses)</b>				
Transfers in	6,837,811	8,143,936	7,867,835	8,532,046
Transfers out	(7,564,111)	(9,393,322)	(7,867,835)	(8,532,651)
General obligation bond proceeds	-	-	8,620,000	-
Premium on bond issuance	-	-	-	-
Payments to refunding escrow	-	-	(8,624,872)	-
Capital leases	725,000	-	-	2,427,366
Sale of capital assets	247,893	73,099	244,000	53,396
Total other financing sources (uses)	<u>246,593</u>	<u>(1,176,287)</u>	<u>239,128</u>	<u>2,480,157</u>
Net change in fund balances	<u>\$ (14,351,754)</u>	<u>\$ (147,572)</u>	<u>\$ (2,344,950)</u>	<u>\$ (116,639)</u>
Debt service as a percentage of noncapital expenditures	15.7%	16.8%	16.9%	17.4%
Total debt service expenditures	10,103,446	9,899,516	10,217,181	10,062,466
Total non-capital expenditures	64,544,837	59,080,042	60,507,757	57,895,569

- (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.

	2007	2006	2005	2004	2003	2002
\$	22,498,377	\$ 20,918,071	\$ 18,723,147	\$ 17,230,919	\$ 17,594,524	\$ 17,594,368
	9,992,908	8,838,133	7,748,031	7,353,813	5,638,618	-
	13,536,410	12,023,499	11,147,065	12,111,232	11,359,475	12,724,882
	2,650,990	2,428,720	2,276,966	1,321,281	1,096,780	1,433,757
	190,137	416,456	196,872	1,171,126	470,698	1,177,823
	1,194,078 (1)	-	-	-	-	-
	4,899,304	4,189,487	3,919,248	3,311,125	3,292,827	3,362,948
	1,115,177	724,847	1,312,996	425,190	760,135	722,324
	3,477,753	2,820,273	1,952,446	2,358,334	2,084,267	936,527
	3,179,417	1,105,481	975,868	204,192	660,410	900,452
	1,207,870	566,229	604,288	508,612	868,793	169,299
	<u>63,942,421</u>	<u>54,031,196</u>	<u>48,856,927</u>	<u>45,995,824</u>	<u>43,826,527</u>	<u>39,022,380</u>
	7,223,771	8,303,827	8,364,720	8,242,792	7,468,563	6,623,667
	19,858,875	16,924,195	14,540,215	13,349,993	12,375,049	11,753,268
	5,762,199	3,595,196	3,381,817	3,001,165	3,150,609	3,858,352
	3,890,550	3,557,433	2,863,836	2,659,983	3,807,186	-
	-	-	-	-	-	352,538
	6,043,546	5,466,088	5,643,779	5,452,189	4,976,514	4,591,862
	-	-	-	-	-	2,218,559
	16,189,652	9,274,131	8,090,107	7,030,850	4,004,921	10,880,338
	6,345,025	4,856,725	4,309,250	3,800,950	3,840,106	3,314,503
	2,807,337	2,006,528	2,194,637	2,378,921	2,529,581	2,453,714
	-	171,700	-	-	32,992	-
	<u>68,120,955</u>	<u>54,155,823</u>	<u>49,388,361</u>	<u>45,916,843</u>	<u>42,185,521</u>	<u>46,046,801</u>
	(4,178,534)	(124,627)	(531,434)	78,981	1,641,006	(7,024,421)
	13,195,113	7,984,514	6,012,438	3,193,088	4,705,000	4,596,140
	(13,195,113)	(8,235,382)	(5,984,082)	(3,193,088)	(4,765,000)	(4,763,444)
	-	26,290,000	-	-	-	-
	-	520,136	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	219,529	6,500	227,259	14,095	35,303	379,993
	<u>219,529</u>	<u>26,565,768</u>	<u>255,615</u>	<u>14,095</u>	<u>(24,697)</u>	<u>212,689</u>
\$	<u>(3,959,005)</u>	<u>\$ 26,441,141</u>	<u>\$ (275,819)</u>	<u>\$ 93,076</u>	<u>\$ 1,616,309</u>	<u>\$ (6,811,732)</u>
	19.8%	18.6%	18.7%	18.9%	20.1%	19.6%
	9,152,362	7,034,953	6,503,887	6,179,871	6,402,679	5,768,217
	46,322,696	37,846,739	34,794,367	32,706,122	31,777,921	29,398,246

# CITY OF ALPHARETTA, GEORGIA

## GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE LAST NINE FISCAL YEARS (modified accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Motor Vehicle Tax</u>	<u>Alcoholic Beverage Tax</u>	<u>Other Taxes</u>	<u>Total</u>
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
2010	25,940,049	11,174,798	6,017,828	1,110,772	1,537,425	5,164,611	50,945,483
2011	25,175,624	11,230,204	6,152,869	1,176,898	1,619,468	5,394,434	50,749,497

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

# CITY OF ALPHARETTA, GEORGIA

## ASSESSED VALUE AND ESTIMATED ACTUAL VALUE - ALL TAXABLE PROPERTY LAST TEN FISCAL YEARS

Fiscal Year	Real Property		Personal Property	
	Residential	Commercial	Motor Vehicles	Other
2002	\$ 824,109,741	\$ 1,555,238,056	\$ 125,069,600	\$ -
2003	950,097,600	1,655,525,492	149,126,970	180
2004	1,039,727,230	1,719,450,312	162,044,513	45,870
2005	1,101,782,470	1,852,175,974	166,615,420	18,563
2006	1,240,207,540	1,825,547,513	180,951,120	72,799
2007	1,518,944,750	2,040,496,402	191,384,580	11,180
2008	2,014,574,410	2,223,045,288	208,677,560	24,087
2009	2,073,091,570	2,873,418,525	209,980,220	24,950
2010	2,050,816,880	2,721,978,449	212,426,680	29,658
2011	1,966,548,340	2,634,434,718	193,069,470	85,922

Source: Georgia Department of Revenue, Property Tax Division

Note: 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.

(1) 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.

Homestead exemption was increased to \$35,000 per household in fiscal year 2011.



---

<b>Less: Tax Exempt Real Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
\$ 134,442,791	\$ 2,369,974,606	7.48	\$ 6,261,043,493	40.00%
193,552,450	2,561,197,792	7.23	6,886,875,605	40.00%
287,138,088	2,634,129,837	7.00	7,303,169,813	40.00%
291,445,159	2,829,147,268	7.00	7,801,481,068	40.00%
317,149,382	2,929,629,590	7.00	8,116,947,430	40.00%
357,722,090	3,393,114,822	6.60	9,377,092,280	40.00%
436,052,018	4,010,269,327	6.25	11,115,803,363	40.00%
479,617,470	4,676,897,795	5.75	12,891,288,163	40.00%
486,085,608	4,499,166,059	5.75	12,463,129,168	40.00%
546,731,438	4,247,407,012	5.75	11,985,346,125	40.00%

# CITY OF ALPHARETTA, GEORGIA

## 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		
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
2010	2009	4.215	1.535	5.750	10.281	0.000	10.281	17.502	0.000	17.502	0.250	33.783
2011	2010	4.215	1.535	5.750	10.281	0.000	10.281	18.502	0.000	18.502	0.250	34.783

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, GEORGIA

## SALES TAX RATES - ALL OVERLAPPING GOVERNMENTS LAST TEN FISCAL YEARS

---

<b>Fiscal Year</b>	<b>State of Georgia</b>	<b>Local Option Sales Tax</b>	<b>Metropolitan Atlanta Regional Transportation</b>	<b>Fulton County Board of Education</b>	<b>Total Overlapping Rates</b>
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
2010	4	1	1	1	7
2011	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, GEORGIA

## PRINCIPAL PROPERTY TAXPAYERS CURRENT AND NINE YEARS AGO

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Sanctuary Park Realty Holding	\$ 66,006,080		1.55 %	\$ -		-
GGP North Point Inc	62,025,560		1.46	30,456,480	1	1.29 %
Duke Realty	56,100,340		1.32	-		-
CH Realty IV Royal Centre LLC	34,590,260		0.81	-		-
Cousins Properties	33,306,810		0.78	-		-
Amlt Residential LP	26,562,390		0.63	-		-
Gardner Drive	26,000,000		0.61	17,600,000	3	0.74
Metropolitan Life Insurance Co	25,076,340		0.59	-		-
CP Venture Two LLC	22,237,600		0.52	-		-
AT & T (1)	20,020,680		0.47	17,160,000	4	0.72
HBO & CO of GA	-		-	18,137,590	2	0.77
Norwind Partners LP	-		-	15,840,740	5	0.67
Allianz Life Insurance	-		-	12,125,830	6	0.51
Digital Equipment Corp	-		-	11,633,950	7	0.49
Weeks Realty LP	-		-	10,718,160	8	0.45
Wade William J TR Equifax Bus. Trust	-		-	10,670,440	9	0.45
Opus South Corporation	-		-	10,603,650	10	0.45
	<u>\$ 371,926,060</u>		<u>8.74 %</u>	<u>\$ 154,946,840</u>		<u>6.54 %</u>

Source: Fulton County Board of Assessors

(1) In 2001 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, GEORGIA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Tax Year</b>	<b>Total Tax Levy</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
			<b>Amount</b>	<b>Pct. of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2002	2001	\$ 16,653,908	\$ 16,279,679	97.75 %	\$ 341,534	\$ 16,621,213	99.80 %
2003	2002	17,449,433	17,136,171	98.20	285,801	17,421,972	99.84
2004	2003	17,211,439	16,935,962	98.40	257,172	17,193,134	99.89
2005	2004	18,188,180	18,188,800	100.00	(16,486) (1)	18,172,314	99.91
2006	2005	19,556,666	19,227,210	98.32	302,259	19,529,469	99.86
2007	2006	21,345,278	20,926,995	98.04	395,199	21,322,194	99.89
2008	2007	23,626,058	23,144,721	97.96	446,659	23,591,380	99.85
2009	2008	25,158,928	24,170,200	96.07	929,707	25,099,907	99.77
2010	2009	24,787,156	24,113,565	97.28	552,995	24,666,560	99.51
2011	2010	23,238,644	22,902,145	98.55	-	22,902,145	98.55

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

**CITY OF ALPHARETTA, GEORGIA**  
**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			
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
2010	34,270,000	1,560,232	927,300	-	-	36,757,532	1.80	700
2011	26,220,000	1,841,909	839,850	-	-	28,901,759	1.18	502

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, GEORGIA

## RATIOS OF GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

---

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Percentage of Actual Taxable Value of Property (1)</b>	<b>Per Capita (2)</b>
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
2010	34,270,000	0.27	653
2011	26,220,000	0.22	455

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, GEORGIA

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT JUNE 30, 2010

	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City of Alpharetta (1)</u>	<u>Amount Applicable to City of Alpharetta</u>
Overlapping General Obligation Debt:			
Fulton County School District	\$ 167,000,000	8.1%	\$ 13,527,000
Fulton County School District	<u>134,370,000</u>	13.7%	<u>18,408,690</u>
Subtotal, overlapping debt	301,370,000		31,935,690
 City of Alpharetta direct debt	 <u>26,220,000</u>	 100.0%	 <u>26,220,000</u>
 Total direct and overlapping debt	 <u><u>\$ 327,590,000</u></u>		 <u><u>\$ 58,155,690</u></u>

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 with the government's boundaries and dividing it by the County's total taxable assessed value.



# CITY OF ALPHARETTA, GEORGIA

## LEGAL DEBT MARGIN INFORMATION LAST TEN FISCAL YEARS

	2011	2010	2009	2008
Debt limit	\$ 479,413,845	\$ 498,525,167	\$ 515,651,527	\$ 444,632,135
Total net debt applicable to limit	21,271,623	27,458,890	33,174,764	38,571,506
Legal debt margin	\$ 458,142,222	\$ 471,066,277	\$ 482,476,763	\$ 406,060,629
Total net debt applicable to the limit as a percentage of debt limit	4%	6%	6%	9%

### Legal Debt Margin Calculation for Current Fiscal Year

Assessed value	\$ 4,247,407,012
Add back: exempt real property	546,731,438
Total assessed value	4,794,138,450
Debt limit (10% of total assessed value)	479,413,845
Debt applicable to limit:	
General obligation bonds	26,220,000
Less: Amount set aside for repayment of general obligation debt	(4,948,377)
Total net debt applicable to limit	21,271,623
Legal debt margin	\$ 458,142,222

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 375,083,691	\$ 324,677,897	\$ 312,059,243	\$ 292,126,793	\$ 285,307,902	\$ 250,441,740
<u>45,435,910</u>	<u>55,542,002</u>	<u>37,264,279</u>	<u>43,713,374</u>	<u>47,740,553</u>	<u>51,805,520</u>
<u>\$ 329,647,781</u>	<u>\$ 269,135,895</u>	<u>\$ 274,794,964</u>	<u>\$ 248,413,419</u>	<u>\$ 237,567,349</u>	<u>\$ 198,636,220</u>
12%	17%	12%	15%	17%	21%

**CITY OF ALPHARETTA, GEORGIA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income</b>	<b>Per Capita Personal Income (2)</b>	<b>Median Age (3)</b>	<b>Education Levels in Years of Formal Schooling (4)</b>	<b>School Enrollment (4)</b>	<b>Unemployment Rate (2)</b>
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	8.1
2010	52,508	2,042,193,644	38,893	36.3	16.0	11,417	7.9
2011	57,571	2,442,795,101	42,431	36.8	16.0	11,022	7.8

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, GEORGIA

## PRINCIPAL EMPLOYERS CURRENT AND NINE YEARS AGO (as of December 31)

Employer	2011			2001 *		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
ADP	\$ 2,097	1	2.50 %	\$ -		- %
McKesson HBOC	2,050	2	2.50	1,722	4	1.48
LexisNexis	1,076	3	1.20	-		-
Verizon	919	4	1.10	1,500	5	1.29
Hewlett Packard	838	5	1.00	-		-
Equifax	709	6	0.90	-		-
E Trade Financial	667	7	0.80	-		-
Cox Communications	636	8	0.80	-		-
Alcatel - Lucent Technologies	540	9	0.70	1,119	6	0.96
Radiant Systems	515	10	0.60	1,000	8	0.86
AT & T Mobility	-		-	2,700	1	2.32
Comcast Cable	-		-	-		-
Nortel Networks	-		-	2,700	2	2.32
Compaq	-		-	1,810	3	1.55
WorldCom	-		-	1,000	7	0.86
MetLife	-		-	800	9	0.69
Choice Point	-		-	650	10	0.56
	<u>\$ 10,047</u>		<u>12.10 %</u>	<u>\$ 15,001</u>		<u>12.89 %</u>

\* Note: Information for top 10 employers was not available for 2002, therefore 2001 data was used.

Sources: City of Alpharetta Community Development Department

# CITY OF ALPHARETTA, GEORGIA

## FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION LAST TEN FISCAL YEARS

Function	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General government										
Mayor and City Council										
Elected officials	7	7	7	7	7	6	7	7	7	7
City Administrator										
Full-time personnel	7	7	7	6	7	7	5	8	9	7
Part-time personnel	2	-	-	1	2	2	1	-	-	-
City Clerk										
Full-time personnel	2	2	2	2	2	2	3	-	-	-
Engineering										
Full-time personnel	29	29	29	26	28	23	23	21	20	20
Environmental Services										
Full-time personnel	-	-	-	-	-	-	-	-	-	-
Finance										
Full-time personnel	24	24	24	24	22	21	21	22	22	20
Part-time personnel	1	1	1	-	-	-	2	2	1	2
Human Resources										
Full-time personnel	3	3	3	3	6	6	6	6	6	6
Municipal Court										
Elected officials	1	1	1	1	1	1	1	1	1	1
Full-time personnel	8	7	7	8	8	6	6	6	5	3
Part-time personnel	-	1	1	-	-	-	1	-	-	1
Public Information										
Full-time personnel	1	1	1	1	1	1	2	2	2	-
Technology Services										
Full-time personnel	11	11	11	12	9	8	8	6	5	5
Part-time personnel	-	-	-	-	-	-	-	-	1	1
Community Development										
Full-time personnel	20	21	21	21	21	18	20	20	20	20
Public Safety										
Police										
Full-time certified officers	105	104	104	104	102	84	76	74	72	70
Full-time uncertified officers	-	-	-	-	-	3	1	-	-	1
Full-time civilian	25	34	34	32	30	27	30	30	27	34
Part-time civilian	3	6	6	3	8	2	3	3	3	-
Fire										
Full-time certified firefighters	95	93	93	94	86	77	83	81	74	69
Part-time certified firefighters	2	1	1	-	3	3	3	3	3	3
Full-time uncertified firefighters	-	-	-	-	3	6	1	-	4	5
Full-time support personnel	-	-	-	-	1	1	1	1	1	1
Public works										
Full-time personnel	33	33	33	33	28	31	35	35	35	31
Culture and recreation										
Full-time personnel	51	51	51	51	51	50	50	50	50	49
Total	<u>430</u>	<u>437</u>	<u>437</u>	<u>429</u>	<u>426</u>	<u>385</u>	<u>389</u>	<u>378</u>	<u>368</u>	<u>356</u>

Source: City of Alpharetta Budget Office

# CITY OF ALPHARETTA, GEORGIA

## OPERATING INDICATORS BY FUNCTION LAST NINE FISCAL YEARS

	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Function</b>									
General government									
Ordinances approved	12	20	35	40	30	30	25	30	22
Special events held	62	62	65	61	35	38	39	38	38
Court cases heard	21,336 (1)	9,859	12,449	12,428	12,527	12,342	12,499	12,342	11,733
Bond rating	Aa1-AAA	Aa1-AAA	Aa1-AAA	Aa1-AAA	Aa1-AAA	Aa1-AA+	Aa1-AA+	Aa1-AA+	Aa1-AA+
Software applications supported	173	172	179	80	70	68	66	60	55
Grants managed	43	40	30	34	34	26	17	16	-
Police									
Calls for service	74,773	82,499	74,966	98,223	80,229	52,056	45,731	52,056	50,266
Part 1 crimes reported	1,486	1,676	1,126	1,899	2,077	1,922	1,445	1,727	1,661
Traffic citations issued	21,561	23,621	18,727	17,519	19,197	16,100	15,290	22,860	24,757
Fire									
Incident responses	5,410	6,143	6,197	5,939	5,590	5,113	5,119	4,909	4,472
Average response time	6:18	6:46	6:24	4:23	5:24	5:29	12:04	12:04	12:04
Fire safety programs conducted	146	145	126	100	395	203	299	203	321
Inspections conducted	7,269	7,216	7,404	5,093	6,456	4,646	5,753	4,646	3,619
Highways and streets									
Traffic signals timed	50	40	56	N/A	82	N/A	41	N/A	N/A
Average days to repair pothole	1	1	2	1	2	25	2	25	N/A
Stormwater plans reviewed	133	103	161	260	224	68	60	68	82
Community development									
New building permits issued	2,516	2,360	3,352	3,692	4,821	3,855	3,800	3,855	3,794
Parcels annexed	-	1	-	2	36	352	352	-	91
Culture and recreation									
Park acres maintained	312	311	311	306	306	300	306	-	300
Greenway acres maintained	206	205	205	200	200	200	200	200	200
Annual program registrants	20,106	20,132	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

(1) The City purchased new court management software which allowed them to process court cases more efficiently.

# CITY OF ALPHARETTA, GEORGIA

## CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS

Function	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units and support vehicles	146	139	145	138	115	110	97	89	86	72
Police motorcycles	7	7	7	6	5	6	6	4	6	6
Fire										
Fire stations	6	6	6	6	6	6	4	5	5	5
Ladder units - in service	1	1	1	1	2	2	3	2	2	2
Ladder units - reserve	1	1	1	1	-	-	1	1	1	1
Pumper units - in service	6	6	6	6	6	6	5	5	5	5
Pumper units - reserve	2	2	2	2	2	2	2	2	2	2
Highways and streets										
Streets - paved (miles)*	214	218	270	270	270	257	217	211	206	200
Streets - unpaved (miles)	1	1	1	2	2	2	1	2	2	2
Sidewalk (miles)	205	205	202	204	170	143	116	N/A	N/A	N/A
Drainage - piped (miles)	100	100	100	99	99	90	40	40	40	35
Drainage - open (miles)*	40	40	165	165	165	157	140	140	140	143
Culture and recreation										
Parks - active and passive	15	14	11	9	9	9	9	7	7	7
Park acreage	764	762	762	757	760	769	769	769	764	537
Greenway and walking trails (miles)	12	11	11	11	11	11	11	10	6	6
Adaptive athletic fields	1	1	1	1	1	1	1	-	-	-
Athletic fields	28	29	28	29	29	29	29	29	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	1	1	2	2	2	2	2	2	1
Tennis courts	17	17	17	17	17	17	17	17	17	11
Recreation buildings	20	20	18	18	11	11	11	11	11	7
Playgrounds	8	7	7	7	7	6	6	5	4	4
Picnic shelters/restrooms	33	31	31	29	24	23	23	23	21	15

Source: Various government departments

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

\* Change due to update of GIS records