

Comprehensive Annual Financial Report

For the Fiscal Year
Ended June 30, 2015

THE CITY OF
ALPHARETTA
GEORGIA





CITY OF ALPHARETTA, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

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, 2015**

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ALPHARETTA, GA 30009
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WWW.ALPHARETTA.GA.US

December 15, 2015

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, 2015. 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, 2015. 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 62,298. Population growth has been fueled in part by the City's strong economic base as well as the annexation of surrounding communities.

MAYOR
DAVID BELLE ISLE

COUNCIL MEMBERS
D.C. AIKEN
MICHAEL CROSS
JIM GILVIN
MIKE KENNEDY
DONALD F. MITCHELL
CHRIS OWENS

CITY ADMINISTRATOR
ROBERT J. REGUS

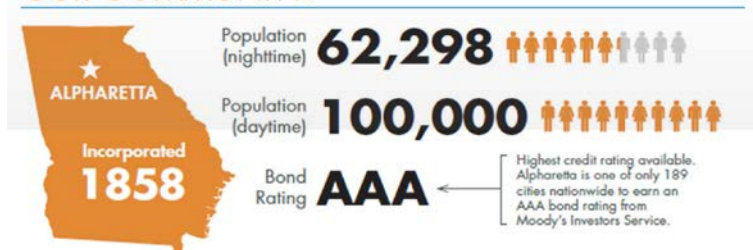
With the incorporation of the City of Milton and the City of John's Creek, all unincorporated areas within north Fulton County have been absorbed. As such, future growth will be through internal development and redevelopment as opposed to annexation.

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 in the Notes to the Financial Statements in Note I(A).

OUR COMMUNITY.



INFRASTRUCTURE.

ADVANTAGES

Our story goes like this: During the late-90s dot-com boom, the City of Alpharetta started to grow from the ground up—literally. Hundreds of miles of fiber optic cables were buried throughout the city, and the state's largest electricity provider, Georgia Power, took it a step further by establishing a series of redundant electric networks throughout the city.



ACCESSIBILITY

Because Alpharetta is just a quick drive from Atlanta, businesses are conveniently positioned right by the world's busiest airport. And if that's not enticing enough, there are plenty of other ways to get around whether you prefer to drive by car or ride public transit. Alpharetta makes sure businesses and their workers get to where they need to go.



BUSINESS CLIMATE

LOCAL COMPANIES

There’s a reason why more than 600 technology-based businesses have made their home in Alpharetta, and it’s not just the nice houses and great weather. Our fiber-optic network is the most extensive and redundant in the Southeast, and we work closely with state and local economic development agencies to provide tax credits and incentives to complement any brand of business. Some of the biggest and most recognized names in the tech industry are thriving here in Alpharetta.

We could talk about Alpharetta’s exceptional business climate all day long, but nothing speaks to our success quite like our track record. Here are just a few names we’re proud to work with.



TOP 10 EMPLOYERS

Providing a strong economic foundation for our community, the City of Alpharetta is pleased to recognize the top 10 Employers (based on the number of employees, effective December 2015).

<i>Employer</i>	<i>No. of Employees</i>
ADP, INC.	2,012
MCKESSON INFORMATION SOLUTIONS	1,676
VERIZON BUSINESS NETWORK SERVICES	1,457
HEWLETT-PACKARD COMPANY	1,106
LEXIS NEXIS RISK SOLUTIONS	1,070
UPS SUPPLY CHAIN SOLUTIONS GENERAL SERVICES	1,005
EQUIFAX INFORMATION SERVICES	974
GE CONSUMER FINANCE – AMERICA.	865
RYDER TRUCK RENTAL, INC.	804
E TRADE FINANCIAL CORPORATION.	775

Source: City of Alpharetta Economic Development

WORKFORCE.

COMPETITIVE EDGE

Every business on the planet, from Mom & Pop stores to Fortune 500 companies, is only as good as its employees. And in Alpharetta, we're proud to be home to some of the smartest minds in the world of tech.

62.7 percent of Alpharetta's residents own a bachelor's degree or higher, which is nearly 3.5 percent above the national average for young adults. And there are plenty of them, too. With a **daytime population over 100,000**, Alpharetta boasts 3,500 workers per square mile; that's more than major metropolises like Denver, Houston, Charlotte, Nashville, Austin, and even Atlanta.

EDUCATION

When it comes to college degrees, our workforce has credentials that are hard to compete with. No matter what heights our businesses desire to reach, our workers come equipped with the invaluable knowledge it takes to get there.



PROFESSIONS

Need more proof that Alpharetta is a rising hub in the business world? Consider that 77% of Alpharetta residents are employed in professional, managerial, technical, sales and administrative positions. Our citizens don't just have degrees—they've got the experience and working knowledge needed to take any business to the next level.



PERSONNEL

Alpharetta's consistent population nearly doubles during the day. That means that employees are coming from throughout the region to work for Alpharetta's rising tech companies. With great accessibility and a superior quality of life, it's no wonder we're the 6th fastest-growing city in the nation, and it's getting better every day.



**Top City in the Nation
For Health IT**

**Healthcare
informatics**
Healthcare IT Security News & More

**Over 1/4 of Metro Atlanta's
Top 25 Technology Employers**

**ATLANTA
BUSINESS
CHRONICLE**

QUALITY OF LIFE.

ALPHARETTA LIVING

Alpharetta's more than just one of the friendliest cities in America. We've got excellent housing options featuring contemporary architecture, thriving school systems with high graduation rates and impressive ACT scores, and an entertainment scene that stretches to sprawling shopping concourses and large theaters to food trucks and craft breweries.

Most cities will claim they offer "something for everyone." But ever since Forbes named us the "#1 Place to Relocate in America," well, we like to think we're pretty convincing.

**Top 25 Best Places
To Move**

Forbes

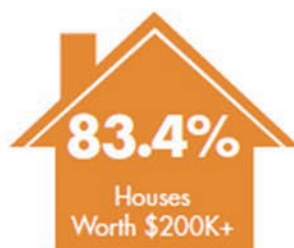
**Sixth Fastest Growing
City in the U.S.**

**United States[™]
Census
Bureau**

HOUSING

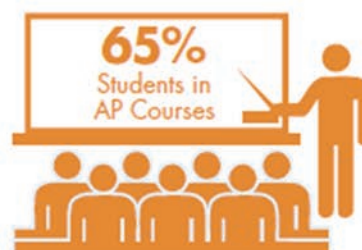
Our many workspaces and office buildings are state-of-the-art, but we admit that they'd make a lousy home. Thankfully, Alpharetta has plenty of great housing options to choose from.

More than 90 percent of our houses were built in 1980 or later, which explains why 83 percent of our houses are worth \$200,000 or more, with nearly a third of our homes offer 9 or more rooms.



SCHOOLS

Alpharetta's workforce is highly educated, but we wouldn't be doing our jobs if we didn't expect great things from our students as well. Our high schools boast a combined graduation rate of 95.5 percent, and with an average ACT score of 23.8 and 65 percent of students participating in AP courses, the future of our city is in great hands.



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 increase overall departmental appropriations (excluding grant/donation appropriations) or 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.

Strategic Financial Planning

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 the Finance Department's direction to departments that base operating budgets should be submitted in line with the City's revenue trends. City departments responded to the direction provided by the Finance Department and submitted base operating budgets for each activity and program in-line with current revenue estimates that cover the city's primary cost drivers (e.g. healthcare).

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.).

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 2015 which, while flat with fiscal year 2014, includes funding totaling \$3.4 million from General Fund operations for capital investment. The capital funding includes \$2.4 million for a recurring capital program (e.g. funds the milling & resurfacing of City streets, traffic equipment maintenance and replacement, fleet replacement, stormwater, etc.) and \$955,500 for additional pay-as-you-go capital investment. 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

2015 totals \$40,000 and is more than double the amounts offered by our companion cities and saves our homeowners over \$2.7 million annually (equates to a 1.7 mill reduction for the average homeowner).

At the end of the current fiscal year, total fund balance for the general fund was \$23,586,068, which is an increase of \$2,712,572 from the prior year. This balance represents approximately 40.3% of 2016 budgeted expenditures. Approximately 21.3% of total fund balance, or \$5,018,236, constitutes assigned fund balance for 2016 fiscal year expenditures and 0.1% of total fund balance or \$17,973 is assigned fund balance for historical books.

Approximately 78.6% of total fund balance, or \$18,549,859, constitutes unassigned fund balance. This balance represents approximately 32% of 2016 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 \$12,500,000 at fiscal year-end. The surplus after such emergency reserve will allow the City to fund one-time future capital in the amount of \$6,049,859 as part of the annual budget to be developed for fiscal year 2017.

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. With significant debt falling off in fiscal year 2012, the City's voters approved the issuance of General Obligation debt aimed at spurring redevelopment in downtown Alpharetta (e.g. City Center includes land for a new county funded public library, 5-acre public park, new City Hall, parking garage, and space for future private sector investment) while being fully funded within the City's current millage rate structure.

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

Traffic improvement, consisting of the continued networking of traffic signals into the City's transportation control system as well as intersection improvements aimed at improving traffic flow, is a high priority for the City of Alpharetta. The City completed traffic improvements to Old Milton Parkway (dedicated right turn lane at GA 400) aimed at improving traffic flow and continued its aggressive infrastructure maintenance plan (milling and resurfacing of city streets, traffic signal system replacement, traffic control system replacement, bridge maintenance, etc.). Additionally, the City is focused on maintaining its drainage infrastructure to combat flooding and its harmful effects on our citizens (e.g. property damage, traffic impacts, etc.). Drainage improvements were completed along sections of Cumming Street, Cains Cove Drive, Mills Creek Avenue, Centennial Drive, and flood inundation mapping was completed for Big Creek to assist with flood forecasting models.

The City has focused on other quality of life projects including landscaping improvements along Haynes Bridge Road and Old Milton Parkway as well as various recreation improvements including: (1) repaving of the parking lots and implementation of erosion control measures at Webb Bridge Park; (2) renovations to the outdoor basketball courts and resurfacing of the tennis courts at Wills Park; and (3) replacement of the gym floor at the Wills Park Recreation Center. Additionally, the City is focused on the future as evident through completion of a Downtown Master Plan to guide future growth in downtown Alpharetta.

Specifically, during 2015 the City allocated \$10.1 million towards the capital improvement program. Projects funded include: infrastructure maintenance and improvements (milling and resurfacing of streets, signal system, striping, traffic calming, etc. \$1.9 million); drainage maintenance and improvements (stormwater system maintenance, pipe repair and replacement, Miracle Field drainage improvements, additional repaving and erosion control measures at Webb Bridge Park, etc. \$1.7 million); transportation improvements (various intersection upgrades, additional funding for adaptive traffic control along Main Street, installation of a traffic signal at the Fiserv entrance along Westside Parkway, etc. \$800,000); sidewalk and bike route improvements (\$300,000); Technology investment (laptops, desktops, data center servers, CISCO network devices, VOIP system for the E-911 Center, etc. \$1.3 million); fleet and equipment replacement and investment (\$2.1 million); recreation improvements (scoreboard and signage replacements, Wills Park batting pavilion design, and design for the potential reuse of the old Alpharetta library facility as a City arts center, etc. \$175,000); economic development initiatives (\$250,000), facility maintenance (\$450,000), etc.

As previously noted, 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 were 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. The public portion of City Center is open and serving the public. Development of the private portion is currently under negotiations with an anticipated ground breaking set for 2016/17.



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, 2014. 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 26th 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, 2014. 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 12th 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, 2015. 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 12th 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,

A handwritten signature in black ink, reading "Thomas G. Harris". The signature is written in a cursive, flowing style with a large initial 'T' and 'H'.

Thomas G. Harris

Director of Finance



Government Finance Officers Association

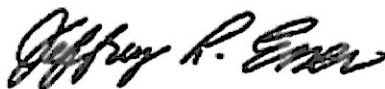
**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Alpharetta
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014



Executive Director/CEO

CITY OF ALPHARETTA, GEORGIA
LIST OF ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2015

Elected Officials

Mayor David Belle Isle
Council Member – Post 1 Donald Mitchell
Council Member – Post 2 Mike Kennedy
Council Member – Post 3 Chris Owens
Council Member – Post 4 Jim Gilvin
Council Member – Post 5 Michael Cross
Council Member – Post 6 D.C. Aiken

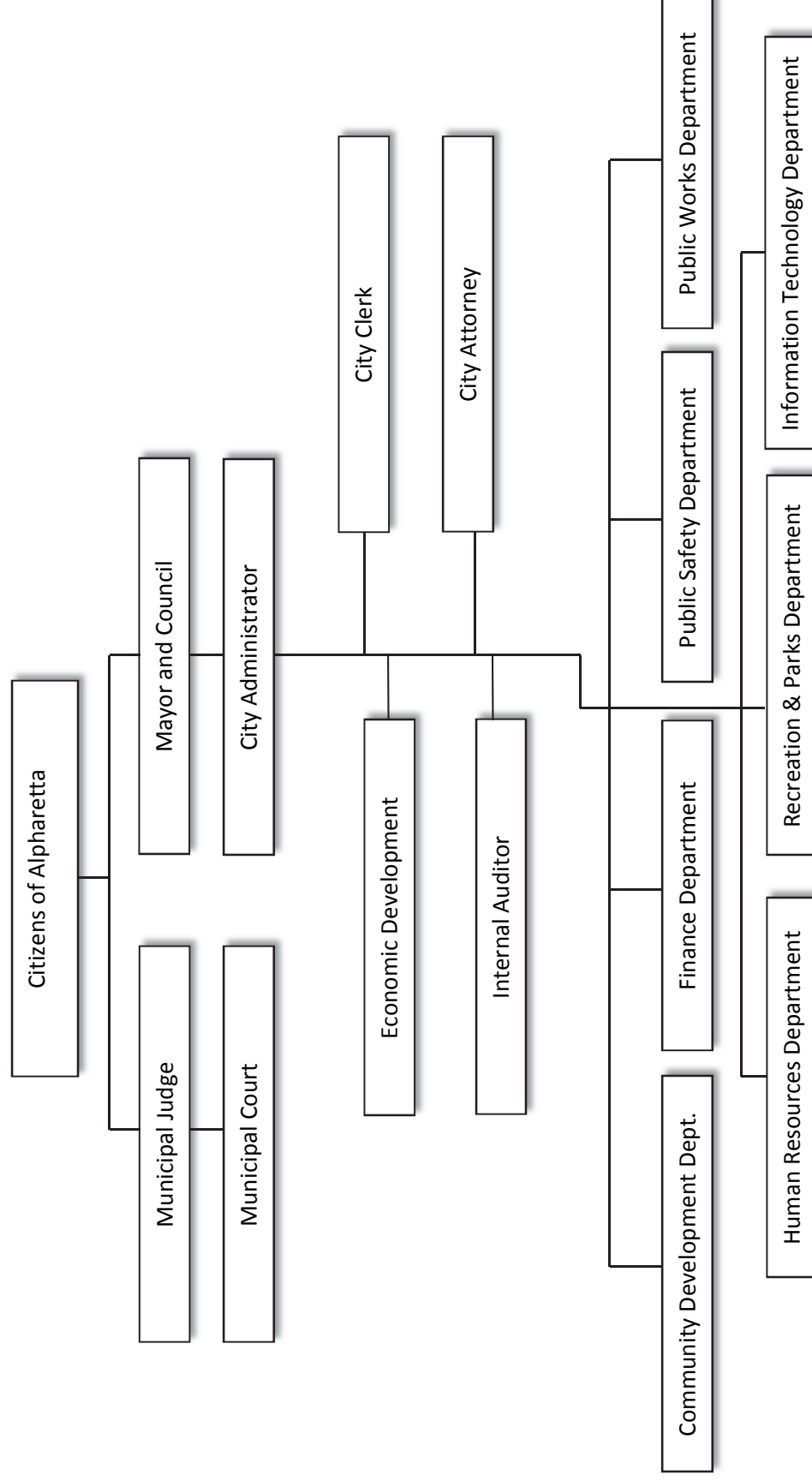
Appointed Officials

City Administrator Robert J. Regus
City Attorney Sam Thomas
City Clerk Coty Thigpen
Finance Director Thomas G. Harris
Assistant City Administrator James Drinkard
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 Kathi Cook
Economic Development Director Peter Tokar
Municipal Judge Barry Zimmerman

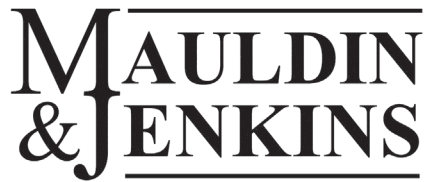
CITY OF ALPHARETTA, GEORGIA

ORGANIZATIONAL CHART

JUNE 30, 2015



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**Honorable Mayor and Members
Of the City Council
City of Alpharetta, Georgia**

Report on the Financial Statements

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, 2015, and the related notes to the financial statements, which collectively comprise the City of Alpharetta, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes V(E), and V(H), the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*, as of July 1, 2014. These standards significantly changed the accounting for the City's net pension liability and the related disclosures. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress, schedule of changes in the City's net pension liability and related ratios, schedule of City contributions, schedule of pension investment returns, and the General Fund Budgetary Comparison Schedule on pages 4-14, 62-65, and 66 and 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Alpharetta, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2015 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* in considering the City of Alpharetta, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 15, 2015

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, 2015. 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 and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$228,788,242 (total net position). Of this amount \$19,972,531 (unrestricted net position) may be used to meet the ongoing obligations of the government.
- The City's total net position decreased by \$1,023,493.
- GASB 68, *Accounting and Financial Reporting for Pensions*, required all governments with pension plan obligations to report the net pension liability on the face of the Statement of Net Position. This change in accounting principle resulted in a decrease of \$12,451,558 in the beginning net position as restated in the Statement of Net Activities. As reflected in the notes, the Pension Plan's fiduciary net position as a percentage of the total pension liability is 86.1%.
- As of the close of the current fiscal year, the City of Alpharetta's governmental funds reported combined ending fund balances of \$37,574,846, a decrease of \$12,625,377 from the prior year. The decrease was primarily due to expenditures made for construction of the new City Center project.
- At the end of the current fiscal year, unassigned fund balance in the General Fund was \$18,549,859 which represents approximately 32% of 2016 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 \$12,500,000 at fiscal year end. The surplus after such emergency reserve will allow the City to fund one-time future capital in the amount of \$6,049,859 as part of the annual budget to be developed for fiscal year 2017.
- The City's total governmental activities debt (including notes) decreased by \$2,405,208 during the current fiscal year. Regularly scheduled principal payments in the amount of \$2,322,300 along with bond premium amortization for \$82,908 resulted in the net decrease.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The *statement of net position* presents information on the total of the City's assets and deferred outflows of resources and the total of liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 15 and 16 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, capital project, and city center (2012 general obligation bond issue) funds, all of which are considered to be major funds. Data from the other seven 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 17 through 19 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 20 through 22 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 and other post-employee benefit trust activities.

The basic fiduciary fund financial statements can be found on pages 23 and 24 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 25 through 61 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, a budgetary comparison schedule for the General Fund is presented on a generally accepted accounting principal basis in this section. This schedule is intended to demonstrate the government's compliance with the legally adopted and amended budgets. Required supplementary information can be found on pages 62 through 67 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 68 through 75 of this report.

City of Alpharetta's Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 46,511,693	\$ 61,363,007	\$ 2,343,896	\$ 2,127,029	\$ 48,855,589	\$ 63,490,036
Capital assets	253,291,727	244,162,800	-	-	253,291,727	244,162,800
Total assets	299,803,420	305,525,807	2,343,896	2,127,029	302,147,316	307,652,836
Deferred outflow of resources	3,384,735	1,575,061	-	-	3,384,735	1,575,061
Total deferred outflow of resources	3,384,735	1,575,061	-	-	3,384,735	1,575,061
Current liabilities	6,793,048	8,845,623	1,373,401	1,112,174	8,166,449	9,957,797
Non-current liabilities outstanding	64,681,098	69,457,002	2,729	1,363	64,683,827	69,458,365
Total liabilities	71,474,146	78,302,625	1,376,130	1,113,537	72,850,276	79,416,162
Deferred inflow of resources	3,893,533	-	-	-	3,893,533	-
Total deferred inflow of resources	3,893,533	-	-	-	3,893,533	-
Net investment in capital assets	201,023,973	201,359,025	-	-	201,023,973	201,359,025
Restricted	7,791,738	9,614,036	-	-	7,791,738	9,614,036
Unrestricted	19,004,765	17,825,182	967,766	1,013,492	19,972,531	18,838,674
Total net position	\$ 227,820,476	\$ 228,798,243	\$ 967,766	\$ 1,013,492	\$ 228,788,242	\$ 229,811,735

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Alpharetta, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$228,788,242 at the close of the most recent fiscal year. The largest portion of the City's net position (87.9%) 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 position (3.4%) represents resources that are subject to external restrictions on how they may be used. At the close of fiscal year 2015, the City's restricted net positions were \$7,791,738 representing \$2,771,930 obligated for capital projects, \$873,245 restricted for the repayment of general obligation bond debt, \$1,986,353 restricted for law enforcement activities, and \$2,160,210 for emergency telephone activities.

The remaining balance in unrestricted net position of \$19,972,531 (8.7%) 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 position, 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 Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
<i>Program revenues:</i>						
Charges for services	\$ 14,553,569	\$ 12,504,775	\$ 3,215,238	\$ 3,194,769	\$ 17,768,807	\$ 15,699,544
Operating grants and contributions	636,727	397,870	-	-	636,727	397,870
Capital grants and contributions	3,299,374	1,662,642	-	-	3,299,374	1,662,642
<i>General revenues:</i>						
Property tax	24,216,991	23,681,167	-	-	24,216,991	23,681,167
Local option sales tax	14,757,780	13,575,938	-	-	14,757,780	13,575,938
Other taxes	18,513,007	16,844,573	-	-	18,513,007	16,844,573
Unrestricted investment earnings	75,916	124,173	3,131	5,250	79,047	129,423
Gain on sale of capital assets	103,910	-	-	-	103,910	-
Total revenues	<u>76,157,274</u>	<u>68,791,138</u>	<u>3,218,369</u>	<u>3,200,019</u>	<u>79,375,643</u>	<u>71,991,157</u>
Expenses						
General government	12,065,471	11,463,544	-	-	12,065,471	11,463,544
Public safety	32,637,732	27,912,188	-	-	32,637,732	27,912,188
Public works	17,529,801	14,035,094	-	-	17,529,801	14,035,094
Community development	5,183,616	4,774,226	-	-	5,183,616	4,774,226
Culture and recreation	8,111,598	7,834,329	-	-	8,111,598	7,834,329
Interest on long-term debt	1,606,823	1,807,273	-	-	1,606,823	1,807,273
Solid waste	-	-	3,264,095	3,213,392	3,264,095	3,213,392
Total expenses	<u>77,135,041</u>	<u>67,826,654</u>	<u>3,264,095</u>	<u>3,213,392</u>	<u>80,399,136</u>	<u>71,040,046</u>
Increase (decrease) in net position	<u>(977,767)</u>	<u>964,484</u>	<u>(45,726)</u>	<u>(13,373)</u>	<u>(1,023,493)</u>	<u>951,111</u>
Net position - beginning, restated	228,798,243	227,833,759	1,013,492	1,026,865	229,811,735	228,860,624
Net position - ending	<u>\$ 227,820,476</u>	<u>\$ 228,798,243</u>	<u>\$ 967,766</u>	<u>\$ 1,013,492</u>	<u>\$ 228,788,242</u>	<u>\$ 229,811,735</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental activities. Governmental activities decreased the City's net position by \$977,767 (compared to an increase of \$964,484 in the prior year) accounting for nearly all of the decrease in the net position of the City (business-type activities had a decrease in net position of \$45,726). Key elements of this change from year to year are as follows:

- Total governmental program revenues increased by \$3,924,383 primarily due to increases in charges for services and capital grants and contributions.
- Total general revenues increased by \$3,441,753 from the prior year primarily due to increases in property taxes and sales taxes.
- Total expenses of the governmental activities increased by \$9,308,387, primarily, as a result of increases in public safety and public works expenses.

Business-type activities. Business-type activities decreased the City of Alpharetta's net position by \$45,726, 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 2015, the City reported governmental funds combined ending fund balance of \$37,574,846, a decrease of \$12,625,377 from the prior year. The decrease is primarily due to capital expenditures for completion of the City Center project. Approximately 49.4% of this balance or \$18,549,859 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 \$2,986,088, law enforcement of \$1,974,755 emergency telephone activities of \$2,150,699 and debt service of \$845,511. Assigned fund balance consists of amounts assigned for grant projects of \$364,190, capital projects of \$5,667,535, historical books of \$17,973, and 2016 fiscal year expenditures of \$5,018,236.

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 \$23,586,068 which is an increase of \$2,712,572 from the prior year. In terms of liquidity, total fund balance represents approximately 40.3% of 2016 budgeted expenditures.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Approximately 21.3% of total fund balance or \$5,018,236 constitutes assigned fund balance for 2016 fiscal year expenditures and 0.1% of total fund balance or \$17,973 for historical books. The remaining 78.7% of total fund balance or \$18,549,859 constitutes unassigned fund balance. This balance represents approximately 32% of 2016 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 \$12,500,000 at fiscal year-end. The surplus after such emergency reserve will allow the City to fund one-time future capital in the amount of \$6,049,859 as part of the annual budget to be developed for fiscal year 2017.

The fund balance of the City's General Fund increased during fiscal year 2015 by \$2,712,572. Revenues exceeded expenditures by \$8,158,819; however, net transfers out were \$5,609,044 and offset in part by proceeds from sale of capital assets for \$162,797. Council approved the utilization of prior year fund balance for capital projects (\$4,086,611). Other significant variances are explained below:

- From a year to year operational perspective, total revenues increased by \$4,586,850. Major revenue variances include the following: increase in property taxes resulting from a combination of general growth in property valuations, new construction, and a change in the millage rate structure that shifted approximately \$300,000 in property tax revenue from the debt service fund to the general fund; increase in sales and use taxes due to the redistribution of sales tax proceeds based on the 2010 Census findings that raised the City's distribution rate from 5.22% to 5.84% as well as general economic growth; increase in licenses and permits due to continued growth in construction and building permit activity; increase in charges for services due primarily to growth in planning and development related fees resulting from increased real estate development activity; increase in fines and forfeitures due to growth in municipal court fines (resulting from growth in public safety citations); and increases in business and other taxes due to general economic growth. Net transfers out increased by \$894,934.
- Revenues of \$58,974,363 exceeded amount budgeted by \$4,660,939. Specific revenue variances include the following and are discussed in detail above: property taxes (\$905,849 greater than budget); sales and use taxes (\$857,780 greater than budget); licenses and permits (\$927,333 greater than budget); charges for services (\$601,868 greater than budget); fines and forfeitures (\$465,465 greater than budget); business taxes (\$207,786 greater than budget); and other taxes (\$445,730 greater than budget).
- Total expenditures increased by \$2,237,865 from the prior year primarily due to the following growth drivers: (1) general salary growth; (2) increases in healthcare costs; (3) increases in electricity utilities due to GA Power rate increases; and (4) partial-year funding for maintenance and operational costs of City Center (new city hall, downtown park, and parking garage).
- Expenditures came in well under budget, at \$50,815,544 with \$1,888,048 of the budgetary appropriation unspent. Management continues to work with department heads to ensure only necessary purchases are made, and to ensure all departments do not exceed budget appropriations, which creates a budget conscious atmosphere throughout the City.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, \$7,467,112 was transferred to this fund from the General Fund, while expenditures amounted to \$10,083,510. The above, together with additional revenues of \$1,479,903 decreased fund balance by \$1,136,495 to \$6,528,577 at year-end as compared to \$7,665,072 at end of prior year.

City Center Fund. The City Center Fund is used to account for the proceeds of bonds that are expended to construct the City Center Project. The City issued \$29,000,000 in general obligation bonds and received additional bond premiums in the amount of \$1,001,322 in fiscal year ended 2012. In the current year, investment earnings were \$9,805 and expenditures for capital outlay were \$12,235,199 which decreased restricted fund balance from \$12,439,552 to \$214,158 at year end. The remaining unspent proceeds from the general obligation bonds will be used to fund remaining costs of the city center project.

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.

Solid Waste Fund. Unrestricted net position of the solid waste enterprise fund at the end of the year amounted to \$967,766. The total decrease in net position for the solid waste funds was \$45,726. Operating revenues increased \$20,469 over the prior year. Total expenses increased by \$50,703.

Risk Management Fund. Unrestricted net position of the risk management fund increased from \$334,109 to \$367,910 at the end of the year. Total operating revenues increased by \$22,280 to \$1,204,296. Total operating expenses decreased by \$324,525 to \$1,172,219.

General Fund Budgetary Highlights

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

- During the year, there was an increase in total budgeted revenues in the amount of \$132,252 which consisted of increases of \$91,829 for budgeted charges for services, \$22,683 for budgeted contributions and donations, and \$17,740 for budgeted other revenues. Total budgeted expenditures increased by \$151,400 from the beginning of the year consisting of an increase to total General Government for \$47,079, Public Safety for \$62,580, Engineering and Public Works for \$250, and Culture and Recreation for \$41,491.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Contributions and donations were \$1,926 less than amount budgeted, investment earnings were \$9,666 less than amount budgeted, and other revenues were \$27,779 less than amount budgeted. However, revenues from property taxes were \$905,849 greater than amount budgeted, sales and use taxes were \$857,780 greater than amount budgeted, and franchise taxes, business taxes and other taxes were \$935,557 greater than amount budgeted. Licenses and permits were \$927,333 greater than amount budgeted, charges for services were \$601,868 greater than amount budgeted, fines and forfeitures were \$465,465 greater than amount budgeted and intergovernmental revenues were \$6,458 greater than amount budgeted. The net result of all the revenue variances was that actual total revenues exceeded final budget total revenues by \$4,660,939.
- Total actual expenditures were \$1,888,048 less than final budgeted total expenditures. Management continues to work with department heads to ensure only necessary purchases are made and to ensure departments do not exceed budget appropriations, which generates a budget conscious atmosphere throughout the City. Among departments with larger favorable variances in expenditures were Public Works which expended \$785,562 less than final budget, Public Safety which expended \$336,637 less than final budget, and Culture and Recreation which expended \$239,675 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, 2015, amounts to \$253,291,727 (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:

- Construction for City Center Project (\$12,252,732)
- Construction for Main Street Improvements (\$988,348)
- Construction for SR9 improvements (\$593,216)

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	Governmental Activities	
	2015	2014
Land and permanent improvements	\$77,825,167	\$75,262,620
Buildings	44,545,554	21,327,651
Improvement other than buildings	16,568,998	12,059,250
Machinery and equipment	5,737,136	6,030,756
Infrastructure	101,764,243	105,973,621
Construction in progress	6,850,629	23,508,902
Total	\$253,291,727	\$244,162,800

Additional information on the City of Alpharetta's capital assets can be found in Note IV.C on pages 43 and 44 of this report.

Long-term debt. At the end of the fiscal year 2015, the City's total outstanding debt was \$51,597,483. Total outstanding debt consists of \$45,600,000 of general obligation bonds, \$4,358,750 of notes payable and \$1,638,733 of capital leases payable.

City of Alpharetta's Outstanding Debt General Obligation Bonds and Notes

	Governmental Activities	
	2015	2014
General obligation bonds	\$45,600,000	\$47,655,000
Notes payable	4,358,750	4,626,050
Capital leases payable	1,638,733	2,088,961
Total	\$51,597,483	\$54,370,011

The City's total debt decreased by \$2,772,528 (5%) during the 2015 fiscal year (includes bond debt, notes, and capital leases) due to regularly scheduled debt payments made.

MANAGEMENT’S DISCUSSION AND ANALYSIS

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.

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 \$462,485,452.

Additional information on the City’s long-term debt can be found in note IV.E on pages 45 through 49 of this report.

Economic Factors and Next Year’s Budgets and Rates

The Fiscal Year 2016 Budget is the culmination of years of financial stewardship by the City Council, City Administrator, city departments, and includes the following:

- Tax-burden reductions for our homeowners and business owners including:
 - Maintenance of the city’s \$40,000 homestead exemption which saves our homeowners over \$2.6 million annually. This savings equates to a 1.7 mill reduction for the average homeowner.
 - Maintenance of the city’s millage rate at 5.750 mills (flat with FY 2015) including funding \$2.4 million for recurring capital initiatives (e.g. milling and resurfacing of city streets; traffic equipment replacement; etc.) and \$1.5 million for additional pay-as-you-go capital funding.
- Funding totaling \$10.1 million available for capital investment within our city (includes the \$2.4 million in recurring capital and \$1.5 million in pay-as-you-go capital discussed above);
- Continuation of the same high service levels our citizenry, business owners, and stakeholders have to expect from our city; and
- Expanded service levels within the Recreation and Parks Department focused on special events (expansion of the Food Truck Alley and Old Soldiers Day events) and recreation programs (new programs offered that focus on outdoor recreation activities).

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, 2 Park Plaza, Alpharetta, Georgia, 30009, or by calling 678-297-6060.

BASIC FINANCIAL STATEMENTS

CITY OF ALPHARETTA, GEORGIA

STATEMENT OF NET POSITION JUNE 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Development Authority
ASSETS				
Cash and cash equivalents	\$ 25,479,734	\$ 1,339,091	\$ 26,818,825	\$ 455,430
Investments	14,388,403	860,516	15,248,919	-
Receivables, net of allowance for uncollectibles	4,548,771	144,289	4,693,060	42,208
Direct financing lease receivable	-	-	-	6,525,000
Prepaid items	215,280	-	215,280	-
Restricted cash equivalents	1,482,459	-	1,482,459	-
Net OPEB asset	397,046	-	397,046	-
Capital assets, non-depreciable	84,675,796	-	84,675,796	-
Capital assets, depreciable, net of accumulated depreciation	168,615,931	-	168,615,931	-
Total assets	299,803,420	2,343,896	302,147,316	7,022,638
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	1,443,806	-	1,443,806	3,425
Difference between expected and actual experience	394,343	-	394,343	-
Net difference between projected and actual investment earnings - pension	1,546,586	-	1,546,586	-
Total deferred outflows of resources	3,384,735	-	3,384,735	3,425
LIABILITIES				
Accounts payable and other current liabilities	6,793,048	512,255	7,305,303	57,435
Unearned revenue	-	861,146	861,146	-
Interest payable	242,590	-	242,590	42,173
Bonds payable, due within one year	2,125,000	-	2,125,000	810,000
Bonds payable, due in more than one year	44,278,302	-	44,278,302	6,050,260
Capital lease payable, due within one year	464,736	-	464,736	-
Capital lease payable, due in more than one year	1,173,997	-	1,173,997	-
Notes payable, due within one year	275,600	-	275,600	-
Notes payable, due in more than one year	4,083,150	-	4,083,150	-
Net pension liability, due in more than one year	9,019,330	-	9,019,330	-
Other noncurrent liabilities, due within one year	2,229,304	2,729	2,232,033	-
Other noncurrent liabilities, due in more than one year	789,089	-	789,089	-
Total liabilities	71,474,146	1,376,130	72,850,276	6,959,868
DEFERRED INFLOW OF RESOURCES				
Assumption changes in pension plan	3,893,533	-	3,893,533	-
Total deferred inflow of resources	3,893,533	-	3,893,533	-
NET POSITION				
Net investment in capital assets	201,023,973	-	201,023,973	-
Restricted for:				
Capital projects	2,771,930	-	2,771,930	-
Job creation	-	-	-	60,000
ATC operations	-	-	-	232,500
Debt service	873,245	-	873,245	-
Law enforcement	1,986,353	-	1,986,353	-
Emergency telephone activities	2,160,210	-	2,160,210	-
Unrestricted	19,004,765	967,766	19,972,531	(226,305)
Total net position	\$ 227,820,476	\$ 967,766	\$ 228,788,242	\$ 66,195

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, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 12,065,471	\$ 3,318,538	\$ 179,275	\$ -
Public safety	32,637,732	5,752,584	32,705	-
Public works	17,529,801	32,726	383,658	3,211,405
Community development	5,183,616	3,628,850	-	48,000
Culture and recreation	8,111,598	1,820,871	41,089	39,969
Interest on long-term debt	1,606,823	-	-	-
Total governmental activities	77,135,041	14,553,569	636,727	3,299,374
Business-type activities:				
Solid waste	3,264,095	3,215,238	-	-
Total business-type activities	3,264,095	3,215,238	-	-
Total primary government	\$ 80,399,136	\$ 17,768,807	\$ 636,727	\$ 3,299,374
Component unit:				
Development Authority	\$ 392,561	\$ 702,533	\$ -	\$ -
Total component unit	\$ 392,561	\$ 702,533	\$ -	\$ -
General revenues:				
Property taxes				
Sales taxes				
Franchise taxes				
Hotel/Motel occupancy taxes				
Business taxes				
Other taxes				
Unrestricted investment earnings				
Gain on sale of capital assets				
Total general revenues				
Change in net position				
Net position, beginning of year, as restated				
Net position, end of year				

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

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Development Authority
\$ (8,567,658)	\$ -	\$ (8,567,658)	\$ -
(26,852,443)	-	(26,852,443)	-
(13,902,012)	-	(13,902,012)	-
(1,506,766)	-	(1,506,766)	-
(6,209,669)	-	(6,209,669)	-
(1,606,823)	-	(1,606,823)	-
(58,645,371)	-	(58,645,371)	-
-	(48,857)	(48,857)	-
-	(48,857)	(48,857)	-
(58,645,371)	(48,857)	(58,694,228)	-
-	-	-	309,972
-	-	-	309,972
24,216,991	-	24,216,991	-
14,757,780	-	14,757,780	-
6,682,041	-	6,682,041	-
4,637,950	-	4,637,950	-
4,425,286	-	4,425,286	-
2,767,730	-	2,767,730	-
75,916	3,131	79,047	-
103,910	-	103,910	-
57,667,604	3,131	57,670,735	-
(977,767)	(45,726)	(1,023,493)	309,972
228,798,243	1,013,492	229,811,735	(243,777)
\$ 227,820,476	\$ 967,766	\$ 228,788,242	\$ 66,195

CITY OF ALPHARETTA, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2015

ASSETS	Major Governmental Funds		
	General	Capital Project	City Center
Cash and cash equivalents	\$ 14,853,321	\$ 4,684,205	\$ 3,832
Investments	9,332,232	2,705,019	-
Taxes receivable, net	2,423,151	-	-
Accounts receivable	210,532	-	-
Intergovernmental	-	477,327	-
Due from other funds	171,670	-	-
Restricted cash equivalents	-	-	1,482,459
Total assets	<u>\$ 26,990,906</u>	<u>\$ 7,866,551</u>	<u>\$ 1,486,291</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 2,360,525	\$ 943,122	\$ 123,540
Retainage payable	-	394,852	1,130,081
Accrued liabilities	753,250	-	18,512
Due to other funds	-	-	-
Total liabilities	<u>3,113,775</u>	<u>1,337,974</u>	<u>1,272,133</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	165,581	-	-
Unavailable revenue - other	125,482	-	-
Total deferred inflows of resources	<u>291,063</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted for:			
Capital projects	-	861,042	214,158
Law enforcement	-	-	-
Emergency telephone activities	-	-	-
Debt service	-	-	-
Assigned for:			
Grant projects	-	-	-
Capital projects	-	5,667,535	-
Book revenue	17,973	-	-
Fiscal year 2016 budget	5,018,236	-	-
Unassigned	18,549,859	-	-
Total fund balances	<u>23,586,068</u>	<u>6,528,577</u>	<u>214,158</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 26,990,906</u>	<u>\$ 7,866,551</u>	<u>\$ 1,486,291</u>

Amounts reported for governmental activities in the statement of net position 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 inflows in the funds.

Internal service funds are used by the City to charge costs 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 items are costs applicable to future periods and, therefore, are not reported in governmental funds.

Net pension liability is not due and payable in the current period and is, therefore, not reported in governmental funds, along with related amounts.

Net OPEB asset is not a current financial resource and, therefore, not reported in governmental funds.

Net position of governmental activities

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 5,158,188	\$ 24,699,546
1,849,794	13,887,045
462,602	2,885,753
567,379	777,911
407,780	885,107
-	171,670
-	1,482,459
<u>\$ 8,445,743</u>	<u>\$ 44,789,491</u>

\$ 620,875	\$ 4,048,062
-	1,524,933
350,135	1,121,897
171,670	171,670
<u>1,142,680</u>	<u>6,866,562</u>

27,734	193,315
29,286	154,768
<u>57,020</u>	<u>348,083</u>

1,910,888	2,986,088
1,974,755	1,974,755
2,150,699	2,150,699
845,511	845,511
364,190	364,190
-	5,667,535
-	17,973
-	5,018,236
-	18,549,859
<u>7,246,043</u>	<u>37,574,846</u>

\$ 8,445,743

253,291,727
348,083
367,910
(53,402,482)
215,280
(10,971,934)
<u>397,046</u>
<u>\$ 227,820,476</u>

CITY OF ALPHARETTA, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Major Governmental Funds		
	General	Capital Project	City Center
Revenues			
Taxes:			
Property taxes	\$ 20,765,849	\$ -	\$ -
Sales and use taxes	14,757,780	-	-
Other taxes	13,875,057	-	-
Licenses and permits	2,912,433	-	-
Charges for services	3,266,847	-	-
Impact fees	-	-	-
Fines and forfeitures	2,767,465	-	-
Intergovernmental	386,458	1,199,819	-
Contributions and donations	83,257	87,969	-
Investment earnings	40,334	12,840	9,805
Other revenues	118,883	179,275	-
Total revenues	<u>58,974,363</u>	<u>1,479,903</u>	<u>9,805</u>
Expenditures			
Current:			
General government	10,114,430	-	-
Public safety	23,916,159	-	-
Public works	7,008,688	-	-
Community development	2,340,068	-	-
Culture and recreation	6,669,756	-	-
Capital outlay	-	10,063,510	12,235,199
Intergovernmental	-	20,000	-
Debt service:			
Principal	615,228	-	-
Interest	151,215	-	-
Total expenditures	<u>50,815,544</u>	<u>10,083,510</u>	<u>12,235,199</u>
Excess (deficiency) of revenues over expenditures	<u>8,158,819</u>	<u>(8,603,607)</u>	<u>(12,225,394)</u>
Other financing sources (uses):			
Proceeds from sale of capital assets	162,797	-	-
Transfers in	1,858,068	7,467,112	-
Transfers out	(7,467,112)	-	-
Total other financing sources (uses)	<u>(5,446,247)</u>	<u>7,467,112</u>	<u>-</u>
Net change in fund balances	2,712,572	(1,136,495)	(12,225,394)
Fund balances, beginning of year	<u>20,873,496</u>	<u>7,665,072</u>	<u>12,439,552</u>
Fund balances, end of year	<u>\$ 23,586,068</u>	<u>\$ 6,528,577</u>	<u>\$ 214,158</u>

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 3,508,728	\$ 24,274,577
-	14,757,780
4,645,170	18,520,227
-	2,912,433
3,235,946	6,502,793
529,004	529,004
769,983	3,537,448
1,984,519	3,570,796
-	171,226
12,937	75,916
6,913	305,071
<u>14,693,200</u>	<u>75,157,271</u>
68,058	10,182,488
6,914,407	30,830,566
-	7,008,688
2,787,102	5,127,170
292	6,670,048
1,460,435	23,759,144
-	20,000
2,157,300	2,772,528
<u>1,423,598</u>	<u>1,574,813</u>
<u>14,811,192</u>	<u>87,945,445</u>
<u>(117,992)</u>	<u>(12,788,174)</u>
-	162,797
-	9,325,180
<u>(1,858,068)</u>	<u>(9,325,180)</u>
<u>(1,858,068)</u>	<u>162,797</u>
(1,976,060)	(12,625,377)
<u>9,222,103</u>	<u>50,200,223</u>
<u>\$ 7,246,043</u>	<u>\$ 37,574,846</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, 2015

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

Net change in fund balances - total governmental funds	\$ (12,625,377)
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.	8,031,013
The net effect of various miscellaneous transactions involving capital assets (i.e. donations and sales) is to increase net position.	1,097,914
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(260,708)
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 position. Also, governmental funds report the effect of 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.	2,724,181
Internal service funds are used by management to charge the costs of insurance plans and workers' compensation insurance to individual funds. The net expense of the internal service funds is reported with governmental activities.	33,801
Prepaid items are costs applicable to future periods and, therefore, are not reported in the funds.	47,457
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.	(26,048)
Change in net position - governmental activities	<u>\$ (977,767)</u>

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

CITY OF ALPHARETTA, GEORGIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2015

	<u>Business-type Activities - Enterprise Fund</u>	<u>Governmental Activities - Internal Service Fund</u>
	<u>Solid Waste Fund</u>	<u>Risk Management Fund</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,339,091	\$ 780,188
Investments	860,516	501,358
Accounts receivable, net of allowance for uncollectibles	144,289	-
Total assets	<u>2,343,896</u>	<u>1,281,546</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	511,140	98,156
Accrued salaries	1,115	-
Unearned revenue	861,146	-
Compensated absences payable	2,729	-
Claims payable, due within one year	-	334,799
Total current liabilities	<u>1,376,130</u>	<u>432,955</u>
NONCURRENT LIABILITIES		
Claims payable, due in more than one year	-	480,681
Total noncurrent liabilities	<u>-</u>	<u>480,681</u>
Total liabilities	<u>1,376,130</u>	<u>913,636</u>
NET POSITION		
Unrestricted	967,766	367,910
Total net position	<u><u>\$ 967,766</u></u>	<u><u>\$ 367,910</u></u>

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

CITY OF ALPHARETTA, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Fund	Risk Management Fund
OPERATING REVENUES		
Charges for services:		
Refuse collection charges	\$ 3,213,022	\$ -
Charges for service	-	1,115,000
Miscellaneous revenue	2,216	89,296
Total operating revenues	<u>3,215,238</u>	<u>1,204,296</u>
OPERATING EXPENSES		
Administration	3,264,095	122,141
Claims and judgements	-	511,038
Premiums	-	539,040
Total operating expenses	<u>3,264,095</u>	<u>1,172,219</u>
Operating income (loss)	<u>(48,857)</u>	<u>32,077</u>
NON-OPERATING REVENUES		
Investment earnings	<u>3,131</u>	<u>1,724</u>
Total non-operating revenues	<u>3,131</u>	<u>1,724</u>
Change in net position	(45,726)	33,801
NET POSITION, beginning of year	<u>1,013,492</u>	<u>334,109</u>
NET POSITION, end of year	<u><u>\$ 967,766</u></u>	<u><u>\$ 367,910</u></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, 2015

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Fund	Risk Management Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 3,228,445	\$ 1,204,296
Payments to vendors/suppliers	(2,947,266)	(648,866)
Payments on claims	-	(495,280)
Payments to employees	(60,970)	-
Net cash provided by operating activities	<u>220,209</u>	<u>60,150</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	(86,786)	(23,843)
Interest and dividends received	3,131	1,724
Net cash used in investing activities	<u>(83,655)</u>	<u>(22,119)</u>
Increase in cash and cash equivalents	136,554	38,031
Cash and cash equivalents, beginning of year	<u>1,202,537</u>	<u>742,157</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,339,091</u></u>	<u><u>\$ 780,188</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (48,857)	\$ 32,077
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Decrease in accounts receivable	4,417	-
Decrease in other noncurrent assets	2,056	-
Increase in accounts payable	252,255	12,315
Increase in other accrued liabilities	8,972	-
Increase in compensated absence	1,366	-
Increase in claims payable	-	15,758
Net cash provided by (used in) operating activities	<u><u>\$ 220,209</u></u>	<u><u>\$ 60,150</u></u>

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

CITY OF ALPHARETTA, GEORGIA

STATEMENT OF NET POSITION FIDUCIARY FUNDS JUNE 30, 2015

ASSETS	Pension Plan	OPEB Plan
Cash	\$ 1,770	\$ 995,157
Mutual funds	56,071,147	-
Total assets	56,072,917	995,157
NET POSITION		
Net position restricted for retiree benefits	\$ 56,072,917	\$ 995,157

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

CITY OF ALPHARETTA, GEORGIA

STATEMENT OF CHANGES IN NET POSITION FIDUCIARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Pension Plan	OPEB Plan
ADDITIONS		
Contributions:		
Employee contributions	\$ 368,638	\$ -
Employer contributions	2,300,000	112,642
Total contributions	2,668,638	112,642
Investment income:		
Net appreciation of fair value of investments	346,059	-
Net interest and dividends	1,202,360	1,507
Net investment income	1,548,419	1,507
Total additions	4,217,057	114,149
DEDUCTIONS		
Benefit payments	1,327,566	63,306
Total deductions	1,327,566	63,306
Change in net position	2,889,491	50,843
NET POSITION RESTRICTED FOR RETIREE BENEFITS		
Beginning of year	53,183,426	944,314
End of year	\$ 56,072,917	\$ 995,157

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

CITY OF ALPHARETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

I. Summary of significant accounting policies

A. Reporting entity

The City of Alpharetta (the “Government” or “City”), 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 (the “Authority”) 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 a financial benefit/burden relationship exists as the assets and liabilities of the Development Authority would revert to the Government upon dissolution. 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 position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

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

NOTES TO FINANCIAL STATEMENTS

I. Summary of significant accounting policies (Continued)

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

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 for which 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 year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Debt service expenditures as well as expenditures related to compensated absences, claims and judgments, and other long-term liabilities are recorded only when payment is due.

Property taxes received up to sixty days after fiscal year end, local option sales tax, franchise taxes, intergovernmental revenues, and other various taxes coupled with licenses, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. 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 **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.

NOTES TO FINANCIAL STATEMENTS

I. Summary of significant accounting policies (Continued)

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

The **City Center Fund** is used to account for the redevelopment of 22-acres of property in the heart of downtown Alpharetta funded from the proceeds of the 2012 general obligation bond issue.

The Government reports the following major proprietary fund:

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

The 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 or committed to expenditures for particular purposes.

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 capital projects expenditures as they relate to proceeds from grants awarded to the Government.

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 and Other Employee Benefit Trust funds** are used to account for the accumulation of resources to be used for retirement annuity payments and employer portion of retiree health insurance premiums, 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.

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)

In accounting and reporting for its proprietary operations, the Government applies all GASB pronouncements. GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

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, deferred outflows of resources, liabilities, deferred inflows of resources, and equity

1. Cash, cash equivalents, 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. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Real estate assets are reported at fair value utilizing an income approach to valuation. 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, deferred outflows of resources, liabilities, deferred inflows of resources, and 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. The levy date is the date that the millage rate is set by the City Council and occurs on or about June 15. Tax notices are then 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 2012 General Obligation Bond Issue are classified as restricted assets on the balance sheet because they are maintained in a separate bank account and their use is limited by applicable bond covenants. The “bond construction” account is used to report those proceeds that are restricted for use in the construction of voter approved projects.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

NOTES TO FINANCIAL STATEMENTS

I. Summary of significant accounting policies (Continued)

D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and equity (Continued)

5. Capital assets (Continued)

The Government reports all infrastructure assets that it currently owns and has a responsibility for maintaining 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.

6. Deferred outflows / inflows of resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. The first occurs only in the governmental funds and is reported as unavailable revenues from property taxes and other sources. These deferred inflows are unavailable and will be recognized as an inflow of resources in the period in which the amounts become available. The second type of deferred inflow reported by the City relates to the accounting for the City's net pension liability. The changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of Plan members.

NOTES TO FINANCIAL STATEMENTS

I. Summary of significant accounting policies (Continued)

D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and equity (Continued)

6. *Deferred outflows / inflows of resources (Continued)*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Governmental Activities and Development Authority report a deferred charge on refunding reported in the government-wide statement of net position as a deferred outflow of resources. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the remaining life of the refunded debt or the refunding debt. Additionally, the Governmental Activities also has deferred outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of Plan members. These experience gains or losses are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of Plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period.

7. *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.

8. *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 position. Bond premiums and discounts 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 expensed in the year of issuance.

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

NOTES TO FINANCIAL STATEMENTS

I. Summary of significant accounting policies (Continued)

D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and equity (Continued)

9. *Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's Pension Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. *Fund equity*

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

Fund Balance – Generally, fund balance represents the difference between the assets, liabilities, and deferred inflows of resources 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. The City's Council would effectively commit fund balance through the approval of an ordinance; however, there are no commitments as of the fiscal year ending June 30, 2015.

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. Pursuant to the Ordinance passed by the Council adopting the fund balance policy, the Council retains the authority to assign fund balances for specific purposes.

NOTES TO FINANCIAL STATEMENTS

I. Summary of significant accounting policies (Continued)

D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and equity (Continued)

10. Fund equity (Continued)

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.

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

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

11. 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, deferred outflows of resources, deferred inflows of resources, 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 position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. 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 \$53,402,482 difference are as follows:

Bonds payable	\$ (45,600,000)
Plus: Issuance premium	(803,302)
Deferred charge on refunding	1,443,806
Capital lease payable	(1,638,733)
Notes payable	(4,358,750)
Accrued interest payable	(242,590)
Compensated absences	<u>(2,202,913)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (53,402,482)</u></u>

Another element of that reconciliation explains that “Net pension liability is not due and payable in the current period and is therefore not reported in governmental funds, along with related amounts.” The details of this \$10,971,934 difference are as follows:

Net pension liability	\$ (9,019,330)
Deferred outflows of resources:	
Difference between expected and actual experience	394,343
Net difference between projected and actual investment earnings - pensions	1,546,586
Deferred inflow of resources - assumption changes in plan	<u>(3,893,533)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (10,971,934)</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 position 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 \$8,031,013 difference are as follows:

Capital outlay	\$ 16,407,801
Depreciation expense	<u>(8,376,788)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u><u>\$ 8,031,013</u></u>

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., donations and sales) is to increase net position.” The details of this \$1,097,914 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 position differs from the change in fund balance by the net book value of the capital assets sold.	\$ (58,887)
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>1,156,801</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u><u>\$ 1,097,914</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 (Continued)

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 \$26,048 difference are as follows:

Compensated absences	\$ (167,100)
Accrued interest	16,337
Net OPEB asset	(9,670)
Pension expense	<u>134,385</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u><u>\$ (26,048)</u></u>

Another element of that reconciliation states that "The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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 \$2,724,181 difference are as follows:

Principal repayments:	
General obligation bonds	\$ 2,055,000
Capital lease	450,228
Note payable	267,300
Amortization of deferred charges on refunding	(131,255)
Amortization of bond premium	<u>82,908</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u><u>\$ 2,724,181</u></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, 2015:

Hotel/Motel Fund	\$	(294,102)
General Fund department:		
Legal		(108,630)

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 fiscal 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 fiscal year from newly appropriated funds during the budget process.

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds

A. Cash, cash equivalents, and investments

Primary government

As of June 30, 2015, the City of Alpharetta had the following investments:

Investment	Standards & Poor Rating	Weighted Average Maturity	Fair Value
Georgia Fund 1	AAAf	56 days	\$ 23,474,076
U.S. Treasury	AA+	0.933 years	12,408,352
U.S. Government Agency	A-1+ - AA+	0.994 years	2,193,411
Mortgage Backed Securities	A-1+ - AAA	1.235 years	552,618
Fidelity Money Market Account	AAA	1 day	94,538
		Total	<u>\$ 38,722,995</u>

Georgia Fund 1 is reported as cash equivalents as of June 30, 2015.

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. All investments met these requirements.

Custodial credit 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, 2015 were properly collateralized.

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

A. Cash, cash equivalents, and investments (Continued)

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 asset value investment pool, which follows Standard and Poor's criteria for AAAs rated money market funds and is regulated by the State Treasurer of the State of Georgia. The investment in the Georgia Fund 1 represents the City's portion of a pooled investment account operated by the Office of the State Treasurer. The pool consists of U.S. treasury obligations, securities issued or guaranteed by the U.S. Government or any of its agencies or instrumentalities, banker's acceptances, overnight and term repurchase agreements with highly rated counterparties, and collateralized bank accounts. The investment in the Georgia Fund 1 is valued at fair market value. The regulatory oversight agency for Georgia Fund 1 is the State Treasurer of the State of Georgia.

Pension Plan Trust Fund

The Pension Trust Fund's policy on authorized investments, including the proper asset allocation and benchmarking criteria, is established via an Investment Policy Statement (IPS) which is amended from time to time by the Board of Trustees. As permitted by state statutes, subject to certain limitations therein and within the IPS, the IPS generally authorizes the Pension Trust Fund to invest in the following investments: cash and cash equivalents (including money market funds and stable value funds); investment grade domestic and international fixed income securities (government and corporate entity obligations, asset-backed securities, commercial paper or similar fixed income contracts); domestic and international equities (up to 75%); real estate investment trusts (REITs); and certain alternative investments (up to 5%). The Pension Trust Fund may also invest in mutual funds, commingled funds, collective investment funds, common trusts, and group trusts as allowed by Georgia law.

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

A. Cash, cash equivalents, and investments (Continued)

Pension Plan Trust Fund (Continued)

As of June 30, 2015, the Pension Plan Trust Fund had \$56,071,147 invested in the following types of investments as categorized by credit risk (ratings by Moody's for bonds):

Investment	Fair Value	Credit Quality
Mutual funds invested in equities	\$ 11,282,242	not rated
Mutual funds invested in equities	19,835,327	not rated
Mutual funds invested in equities	2,468,373	not rated
Mutual funds invested in agency bonds	10,425,422	not rated
Mutual funds invested in agency bonds	2,666,010	not rated
Mutual funds invested in international equities	4,812,791	not rated
Mutual funds invested in international equities	2,084,389	not rated
Alternative Fund	2,496,593	not rated
Total	<u>\$ 56,071,147</u>	

Credit risk: The City's Pension Plan Trust Fund's policy specifies a target asset allocation mix to guide the pursuit of an optimal level of risk in relation to obtaining the long-term average annual return target of 7.50%. This asset allocation mix is as follows: Total Fixed Income targeted at 25.5%, with an acceptable range of 25% to 50%; Total Equities targeted at 60%, with an acceptable range of 52% to 70%; Tactical Allocation targeted at 10%, with an acceptable range of 0% to 10%; Alternatives targeted at 4.5%, with an acceptable range of 0% to 5%.

Concentration: On June 30, 2015, the Pension Plan Trust Fund did not have any debt or equity investments in any one organization, other than those issued by the U.S. government, which represented greater than 5% of Plan fiduciary net position.

Interest rate risk: The Pension Plan Trust Fund holds assets to collateralize the pension promises. The projected benefits extend out over 50+ years. The investment policy considers the duration of the assets and liabilities when managing interest rate risk in the bond portfolio. However, no formal policy to address potential fair value losses from rising interest rates has been adopted by the Board of Trustees.

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

A. Cash, cash equivalents, and investments (Continued)

Pension Plan Trust Fund (Continued)

As of June 30, 2015, the Pension Trust Fund had \$56,071,147 invested in the following investments as categorized by interest rate risk:

Investment	Fair Value	Weighted Average Maturity (Years)
Mutual funds invested in equities	\$ 33,585,942	n/a
Mutual funds invested in agency bonds	13,091,432	n/a
Mutual funds invested in international equities	6,897,180	n/a
Alternatives	2,496,593	n/a
Total	<u>\$ 56,071,147</u>	

Rate of Return: For the fiscal year ended June 30, 2015, the annual money-weighted rate of return on Pension Trust Fund investments, net of investment expenses, was 3.13%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Custodial Credit Risk – Deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2015, the Pension Plan Trust Fund did not have any deposits with financial institutions which were uninsured or under collateralized, as defined by state statutes.

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

B. Receivables

Receivables as of fiscal 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:

	<u>General</u>	<u>Capital Projects</u>	<u>Solid Waste</u>	<u>Nonmajor Governmental</u>
Receivables:				
Taxes	\$ 2,752,109	\$ -	\$ -	\$ 572,729
Accounts	235,969	-	270,447	567,379
Intergovernmental	-	477,327	-	407,780
Gross receivables	2,988,078	477,327	270,447	1,547,888
Less allowance for uncollectibles	(354,395)	-	(126,158)	(110,127)
Net total receivables	<u>\$ 2,633,683</u>	<u>\$ 477,327</u>	<u>\$ 144,289</u>	<u>\$ 1,437,761</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, as well as the Solid Waste charges for services. The Solid Waste Fund bills for quarterly service in advance and therefore at June 30, 2015 \$861,146 of June billings are reported as unearned revenues.

Governmental funds report deferred inflows of resources in connection with receivables for unavailable revenues that are not considered to be available to liquidate liabilities of the current period.

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NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

C. Capital assets

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land and permanent improvements	\$ 75,262,620	\$ 1,166,201	\$ -	\$ 1,396,346	\$ 77,825,167
Construction in progress	23,508,902	15,221,413	-	(31,879,686)	6,850,629
Total assets, not being depreciated	<u>98,771,522</u>	<u>16,387,614</u>	<u>-</u>	<u>(30,483,340)</u>	<u>84,675,796</u>
Capital assets, being depreciated:					
Buildings	34,769,637	63,233	(371,504)	24,292,478	58,753,844
Improvements other than buildings	30,401,226	71,090	-	5,730,204	36,202,520
Machinery and equipment	19,167,225	1,042,665	(622,624)	194,603	19,781,869
Infrastructure	171,383,687	-	-	266,055	171,649,742
Total assets, being depreciated	<u>255,721,775</u>	<u>1,176,988</u>	<u>(994,128)</u>	<u>30,483,340</u>	<u>286,387,975</u>
Less accumulated depreciation for:					
Buildings	(13,441,986)	(1,102,120)	335,816	-	(14,208,290)
Improvements other than buildings	(18,341,976)	(1,291,546)	-	-	(19,633,522)
Machinery and equipment	(13,136,469)	(1,507,689)	599,425	-	(14,044,733)
Infrastructure	(65,410,066)	(4,475,433)	-	-	(69,885,499)
Total accumulated depreciation	<u>(110,330,497)</u>	<u>(8,376,788)</u>	<u>935,241</u>	<u>-</u>	<u>(117,772,044)</u>
Total assets, being depreciated, net	<u>145,391,278</u>	<u>(7,199,800)</u>	<u>(58,887)</u>	<u>30,483,340</u>	<u>168,615,931</u>
Governmental activities capital assets, net	<u>\$ 244,162,800</u>	<u>\$ 9,187,814</u>	<u>\$ (58,887)</u>	<u>\$ -</u>	<u>\$ 253,291,727</u>

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

Governmental activities:	
General government	\$ 1,313,900
Public safety	1,179,260
Public works	4,849,369
Community development	18,678
Culture and recreation	<u>1,015,581</u>
Total depreciation expense - governmental activities	<u>\$ 8,376,788</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, 2015. 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 and general administration facilities. At fiscal year end the Government's commitments with contractors include:

Project	Spent-to-Date	Remaining Commitment
Park improvements	\$ 253,718	\$ 91,727
Sidewalk and pedestrian projects	1,526,034	1,432,636
Street and transportation improvements	21,102,220	2,662,231
Machinery, equipment, and technology	8,565,256	317,024
Economic development	361,682	38,783
General administrative facilities	24,223,327	46,568
Total	<u>\$ 56,032,237</u>	<u>\$ 4,588,969</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 City Center capital project fund primarily for general administrative facilities.

D. Interfund receivables, payables, and transfers

The composition of due to/from other fund balances as of June 30, 2015, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	<u>\$ 171,670</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.

Interfund transfers for the fiscal year ended June 30, 2015:

Transfer in	Transfer out	Amount
General Fund	Nonmajor governmental funds	<u>\$ 1,858,068</u>
Capital Projects Fund	General Fund	<u>\$ 7,467,112</u>

Transfers are used to 1) 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, and 2) move revenues from the fund that statutes require to collect them to the fund that will expend them.

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

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, 2015 is \$72,985,000.

In 2014, the City issued \$17,695,000 of general obligation refunding bonds for the purpose of partially paying the outstanding balance of the 2006 general obligation bonds. The 2014 series were issued with an interest rate of 2.34% and a maturity date of May 1, 2026. The bonds are payable on May 1 and November 1, serially to fiscal year 2026.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,706,316. This amount is being 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 \$1,443,806. The advance refunding was undertaken to reduce total debt service payments by \$960,303 and resulted in an economic gain and a present value of cash flow savings of \$846,536. As of June 30, 2015 the defeased amount of bonds still outstanding was \$15,600,000.

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

<u>Purpose</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	May 2026	4.0 - 6.5%	\$ 1,240,000
City center project	May 2032	2.0 - 3.75%	27,170,000
Partial Refunding of Series 2006 Bonds	May 2026	2.34%	17,190,000
			<u>\$ 45,600,000</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>
2016	\$ 2,125,000	\$ 1,309,746
2017	2,195,000	1,241,613
2018	2,240,000	1,179,377
2019	2,290,000	1,122,572
2020	2,345,000	1,071,298
2021-2025	12,635,000	4,467,492
2026-2030	14,935,000	2,770,740
2031-2032	6,835,000	387,000
Total	<u>\$ 45,600,000</u>	<u>\$ 13,549,838</u>

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

E. Long-term debt (Continued)

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; however, since issuance the City has made the minimum 16.5% in payments.

In 2009, the Authority issued \$5,890,000 of revenue refunding bonds for the purpose of paying in full the outstanding balance of the 1999 revenue bonds. The 2009 series were issued with interest rates from 3.0% to 5.0% and a maturity date of November 1, 2018. The bonds are payable on May 1 and November 1, serially to fiscal year 2019. The reacquisition price exceeded the net carrying amount of the old debt by \$9,421. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. The current balance of the deferred charge resulting from the reacquisition price exceeding the net carrying amount of the old debt is \$3,425. 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.

During fiscal year 2013, the Development Authority of Alpharetta issued \$4,130,000 of revenue bonds to finance the construction of an educational facility in the City of Alpharetta for Gwinnett Technical College. The 2013 series were issued with interest rates from 2% to 3.5% and a maturity date of May 1, 2033. The bonds are payable on May 1 and November 1, serially to fiscal year 2033.

In conjunction with this issuance, the Development Authority of Alpharetta and the City of Alpharetta entered into an interGovernmental agreement whereby the City has an absolute and unconditional obligation to repay the entire debt obligation. The City has recorded a note payable on the Government-wide financial statements to reflect its obligation for the Development Authority's revenue bond debt service payments.

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

E. Long-term debt (Continued)

The annual requirements to amortize the Development Authority's revenue bonds outstanding as of June 30, 2015 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2016	\$ 810,000	\$ 239,440
2017	840,000	205,690
2018	875,000	166,340
2019	920,000	125,090
2020	190,000	101,190
2021-2025	1,025,000	418,238
2026-2030	1,185,000	258,525
2031-2033	810,000	57,140
Total	<u>\$ 6,655,000</u>	<u>\$ 1,571,653</u>

Notes Payable

The annual requirements to amortize the note payable to the Development Authority for the Government's share of the 2009 series (16.5%) and 2013 series (100%) revenue bonds as of June 30, 2015 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2016	\$ 275,600	\$ 139,992
2017	280,550	131,584
2018	290,500	120,833
2019	302,100	109,643
2020	190,000	101,190
2021-2025	1,025,000	418,238
2026-2030	1,185,000	258,525
2031-2033	810,000	57,140
Total	<u>\$ 4,358,750</u>	<u>\$ 1,337,145</u>

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

E. Long-term debt (Continued)

Capital Leases

In 2013, the City entered into a lease agreement as lessee for financing the acquisition of new public works software and to refinance and consolidate the three individual leases held as of July 1, 2012, which were used to finance accounting software and three fire trucks for the 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, 2015, the City had \$2,856,612 of machinery and equipment under capital leases with accumulated depreciation of \$1,022,657. The amortization expense of \$280,271 for the capital leases is included in depreciation expense.

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

Fiscal Year Ending June 30,	Governmental Activities
2016	\$ 486,367
2017	495,280
2018	286,751
2019	177,111
2020	101,043
2021-2022	149,776
Total minimum lease payments	1,696,328
Less amount representing interest	57,595
Present value of future minimum lease payments	<u>\$ 1,638,733</u>

Changes in Long-term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2015, was as follows:

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 47,655,000	\$ -	\$ (2,055,000)	\$ 45,600,000	\$ 2,125,000
Plus issuance premium	886,210	-	(82,908)	803,302	-
Net bonds payable	48,541,210	-	(2,137,908)	46,403,302	2,125,000
Notes payable	4,626,050	-	(267,300)	4,358,750	275,600
Capital lease	2,088,961	-	(450,228)	1,638,733	464,736
Net pension liability	11,106,319	213,011	(2,300,000)	9,019,330	-
Claims and judgments	799,722	506,863	(491,105)	815,480	334,799
Compensated absences	2,035,813	2,176,074	(2,008,974)	2,202,913	1,894,505
Governmental activity					
Long-term liabilities	<u>\$ 69,198,075</u>	<u>\$ 2,895,948</u>	<u>\$ (7,655,515)</u>	<u>\$ 64,438,508</u>	<u>\$ 5,094,640</u>

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

E. Long-term debt (Continued)

Changes in Long-term Liabilities (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Compensated absences	\$ 1,363	\$ 3,114	\$ (1,748)	\$ 2,729	\$ 2,729
Business-type activity					
Long-term liabilities	<u>\$ 1,363</u>	<u>\$ 3,114</u>	<u>\$ (1,748)</u>	<u>\$ 2,729</u>	<u>\$ 2,729</u>

For governmental activities, compensated absences and the net pension liability are predominately liquidated by the General Fund and Emergency 911 fund and claims and judgments are liquidated by the Risk Management Fund.

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

Long-term liability activity for the Development Authority for the fiscal year ended June 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue bonds payable	\$ 7,440,000	\$ -	\$ (785,000)	\$ 6,655,000	\$ 810,000
Plus issuance premium	277,114	-	(71,854)	205,260	-
Revenue bonds payable, net	<u>\$ 7,717,114</u>	<u>\$ -</u>	<u>\$ (856,854)</u>	<u>\$ 6,860,260</u>	<u>\$ 810,000</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, whereas 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 fiscal years are as follows:

	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014
Unpaid claims, beginning of fiscal year	\$ 799,722	\$ 574,056
Claims incurred	506,863	820,343
Claims paid	(491,105)	(594,677)
Unpaid claims, end of fiscal year	<u>\$ 815,480</u>	<u>\$ 799,722</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.

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.

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

B. Contingent liabilities (Continued)

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 2009 series revenue bonds by the Development Authority of Alpharetta ("Authority") for the purpose of benefiting the Georgia State University Foundation ("Foundation"), the City is liable for the repayments of the revenue bonds in the event of default by the Authority.

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

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.

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

D. Joint venture (Continued)

In July 2013, the cities of Alpharetta, Milton, Roswell, and Sandy Springs created the North Fulton Regional Radio System Authority (the "Authority"), which was established by Georgia House Bill 526. The Authority will provide an interoperable, high quality, reliable and uninterrupted communication signal for public safety and public services within the area in which the Authority has operational capability. The Authority's Board membership includes the City Manager or City Administrator, or his or her designee, from each participating city. The Authority was created by the cities contributing a pre-determined capital amount necessary to fund the construction and equipping of the radio system. In accordance with GASB 14: *The Financial Reporting Entity*, the Authority was determined to be a joint venture; however, the City does not have an equity interest in the joint venture. Of the estimated \$16 million required to initially capitalize the Authority, the City of Alpharetta is responsible for approximately \$3.7 million pursuant to the interGovernmental agreement between the cities. For the fiscal year ended June 30, 2015, the City of Alpharetta contributed \$2,943,623 to the Authority. Separate financial statements may be obtained from the City of Sandy Springs, who has been contracted by the Authority to serve as the accountants, at 7840 Roswell Road, Building 500, Sandy Springs, Georgia 30350.

E. Retirement plans

1. *Defined Benefit Pension Plan*

Plan Administration. 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. For all reporting, funding, accounting and actuarial purposes, the Plans have been merged into a single plan, The City of Alpharetta Combined Defined Benefit Plan (the "Combined Plan") effective July 1, 2011. The Combined Plan is administered by a Board of Trustees, who has executed trust agreements with a financial institution to hold, manage, invest, and distribute contributions in accordance with the provisions of the Plans. The Board of Trustees consists of five members, the City Administrator, City Council member liaison to the Finance Department, the Finance Director, the City Attorney, and the Mayor's designee. Benefit provisions are established and may be amended by the City Council. Annual contributions are determined through an actuarial valuation of the Combined Plan 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.

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

E. Retirement plans (Continued)

1. *Defined Benefit Pension Plan (Continued)*

The Combined Plan covers 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 Combined Plan 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 Combined Plan provides retirement and death benefits to Plan members and beneficiaries. The Combined Plan does not issue separate stand-alone financial reports.

Plan Membership. At January 1, 2015, the date of the most recent actuarial valuation, there were 547 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	100
Vested terminated employees not yet receiving benefits	131
Active employees	316
Total	<u>547</u>

Benefits. The Plan provides retirement, disability, and death benefits. Retirement benefits for plan members are calculated as 2 percent of final average earnings per year of credited service. Participants who elected the enhanced formula and who are making employee contributions will receive an additional 0.5% of final average earnings multiplied by the years of credited service after December 31, 2007. A participant's late retirement benefit is equal to the accrued benefit using all service and earnings as of termination. Plan members with 5 years of continuous service are eligible to retire at age 55. The participant may receive a monthly benefit equal to the benefit accrued at early retirement date reduced 3% for each year the payment date precedes the normal retirement date. Regular plan members who terminate on or after age 55 with the sum of age and vesting service equal to at least 80, public service plan members employed on July 1, 1999 who terminate on or after age 55 with at least 5 years of vesting service, and public service plan members not employed on July 1, 1999 who terminate on or after age 55 with at least 10 years of vesting service are eligible for unreduced early retirement. Death benefits are calculated as if the participant terminated on his date of death, survived until his date of retirement, elected a 50% joint and survivor benefit and died the next day. An unmarried participant will not be eligible for any pre-retirement death benefits. If a member terminates employment prior to completing ten years of continuous service, he or she shall be entitled to a refund of his or her accumulated contributions with interest.

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

E. Retirement plans (Continued)

1. Defined Benefit Pension Plan (Continued)

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 2015, employees contributed \$368,638 to the Enhanced Plan. The City is required to contribute at an actuarially determined rate: the contribution rate for 2015 was 11.33% of payroll for the Combined Plan. The annual required contributions for the current fiscal year were determined as part of the January 1, 2015 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 7.5% 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.

Net Pension Liability of the City. Effective July 1, 2014, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which significantly changed the City's accounting for pension amounts. The information disclosed below is presented in accordance with this new standard.

The City's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2015 with update procedures performed by the actuary to rollforward to the total pension liability measured as of June 30, 2015. The following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.5%
Salary increases, including inflation	3.5%
Investment rate of return	7.5%, including inflation, net of investment expense

Mortality rates were based upon the RP-2000 Combined Mortality Table. No mortality improvement is included prior to or following the measurement date.

The actuarial assumptions used in the January 1, 2015 valuation were based on the results of the most recent experience study which was performed in April 2005, taking into account ten years of data experience.

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

E. Retirement plans (Continued)

1. *Defined Benefit Pension Plan (Continued)*

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are: Equities – 8.25%, Fixed Income – 3.75%, Tactical Allocation – 6.45%, and Alternatives – 7.0%.

Discount rate. The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used for the Plan's fiscal year ended June 30, 2014 was 6.75%, which was adjusted during the current fiscal year to increase by 0.75%.

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NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

E. Retirement plans (Continued)

1. Defined Benefit Pension Plan (Continued)

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the fiscal year ended June 30, 2015, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/14	\$ 64,284,432	\$ 53,183,426	\$ 11,101,006
Changes for the fiscal year:			
Service cost	1,973,328	-	1,973,328
Interest	4,288,338	-	4,288,338
Differences between expected and actual experience	465,014	-	465,014
Assumption Changes	(4,591,299)	-	(4,591,299)
Contributions—employer	-	2,300,000	(2,300,000)
Contributions—employee	-	368,638	(368,638)
Net investment income	-	1,709,776	(1,709,776)
Benefit payments, including refunds of employee contributions	(1,327,566)	(1,327,566)	-
Administrative expense	-	(161,357)	161,357
Net changes	807,815	2,889,491	(2,081,676)
Balances at 6/30/15	\$ 65,092,247	\$ 56,072,917	\$ 9,019,330

The Plan's fiduciary net position as a percentage of the total pension liability 86.1%

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following table presents the net pension liability of the City, calculated using the discount rate of 7.5%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
\$ 19,603,532	\$ 9,019,330	\$ 316,444

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

E. Retirement plans (Continued)

1. Defined Benefit Pension Plan (Continued)

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

For the fiscal year ended June 30, 2015, the City recognized pension expense of \$2,165,615. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 394,343	\$ -
Changes in assumptions	-	3,893,533
Net difference between projected and actual earnings on pension plan investments	1,546,586	-
Total	<u>\$ 1,940,929</u>	<u>\$ 3,893,533</u>

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

<u>Fiscal Year Ended June 30:</u>	
2016	\$ (240,448)
2017	(240,448)
2018	(240,448)
2019	(240,448)
2020	(627,095)
Thereafter	(363,717)
	<u>\$ (1,952,604)</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 to 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, 2015, there were 384 participants. Plan provisions and contribution requirements are established and may be amended by the City 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, 2015, the City's contribution to the 401(a) plan was \$1,450,141. The amount contributed by employees into the 457 plan was \$1,540,277.

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. Through June 30, 2011, the Plan 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. The Plan is administered by a Board of Trustees, who has executed trust agreements with a financial institution to hold, manage, invest, and distribute contributions in accordance with the provisions of the Plan. Benefit provisions are established and may be amended by the City Council.

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

Retirement Options/Benefit Provisions. Eligible retirees are offered the same health and prescription drug coverage as active employees. Each fiscal year, the City determines the Plan benefits and the premium rate for participants (active and retirees). However, unlike active employees, retirees pay 100% of the blended premium afforded to the City. Therefore, as the retiree makes the full premium payment, the City's only exposure is the accounting treatment of this implicit rate subsidy caused by the difference in the blended rate offered to the retiree and his/her actual age adjusted premium. Coverage expires at age 65.

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

F. Other post-employment benefits (Continued)

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 July 1, 2014, the most recent actuarial valuation:

Active participants	384
Retirees and beneficiaries currently receiving benefits	<u>5</u>
Total	<u><u>389</u></u>

The following is a schedule of funding progress:

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
07/01/14	\$ 944,314	\$ 808,524	\$ (135,790)	117%	\$ 24,329,468	0.6%

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.

Annual OPEB Cost and Net OPEB Obligation

	For The Plan Year Ending June 30, 2015	For The Plan Year Ending June 30, 2014
Annual required contribution	\$ 80,045	\$ 89,652
Adjustments to annual required contribution	28,473	26,284
Interest expense	<u>(13,848)</u>	<u>(14,929)</u>
Annual OPEB cost	94,670	101,007
Contributions made	<u>85,000</u>	<u>80,692</u>
Increase in net OPEB obligation	9,670	20,315
Net OPEB obligation (asset) at beginning of fiscal year	<u>(406,716)</u>	<u>(427,031)</u>
Net OPEB obligation (asset) at end of fiscal year	<u><u>\$ (397,046)</u></u>	<u><u>\$ (406,716)</u></u>

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

F. Other post-employment benefits (Continued)

History of Annual OPEB Cost and Net OPEB Obligation (Asset)

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
2015	\$ 94,670	90%	\$ (397,046)
2014	101,007	80%	(406,716)
2013	98,916	29%	(427,031)

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 July 1, 2014 and the current sharing pattern of costs between employer and employee. The assumptions used in the July 1, 2014 actuarial valuation are as follows:

Cost Method:	Projected Unit Credit
Actuarial Asset Valuation Method:	Market value
Discount Rate:	4%
Healthcare Cost Trend Rate:	5%
Amortization Method:	Level Dollar, Closed.
Remaining Amortization Period:	26 years.
Inflation Rate:	1%

G. Hotel/Motel lodging tax

The Government imposes a hotel/motel tax on lodging facilities within the City of Alpharetta. The tax is assessed at 6%. Revenues were \$4,645,170 for the fiscal year ended June 30, 2015. Of this amount 100%, or \$4,645,170, was expended. Expenditures of the tax were used to promote tourism as required by O.C.G.A. 48-13-51.

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

H. Change in accounting principle

The City has determined a restatement to beginning net position was required in the City's Governmental Activities to properly account for the implementation of GASB Statement No. 68 which requires the retroactive reporting of opening balance. The effect of the restatement resulted in change to beginning net position of the Governmental Activities is as follows:

	Governmental Activities
Net position, as previously reported	\$ 241,249,801
Restatement for implementation of GASB Statement No. 68:	
Net pension liability as of June 30, 2014	(11,106,319)
Removal of previously reported net pension asset, under GASB Statement No. 27	(1,345,239)
Net position, as restated	<u>\$ 228,798,243</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	(AAL) Actuarial Accrued Liability	(UAAL) Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
2014	\$ 944,314	\$ 808,524	\$ (135,790)	117%	\$ 24,329,468	0.6%
2013	862,541	865,192	2,651	100%	24,004,399	0.0%
2012	862,541	805,064	(57,477)	107%	21,976,544	0.3%
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 RETIREMENT PLAN SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

	2015	2014
Total pension liability		
Service cost	\$ 1,968,015	\$ 1,567,142
Interest on total pension liability	4,288,338	4,005,310
Differences between expected and actual experience	465,014	-
Change of assumptions	(4,591,299)	-
Benefit payments, including refunds of employee contributions	(1,327,566)	(1,185,315)
Net change in total pension liability	802,502	4,387,137
Total pension liability - beginning	64,289,745	59,902,608
Total pension liability - ending (a)	\$ 65,092,247	\$ 64,289,745
Plan fiduciary net position		
Contributions - employer	\$ 2,300,000	\$ 2,250,000
Contributions - employee	368,638	371,246
Net investment income	1,709,776	7,664,372
Benefit payments, including refunds of member contributions	(1,327,566)	(1,185,315)
Administrative expenses	(161,357)	(47,295)
Net change in plan fiduciary net position	2,889,491	9,053,008
Plan fiduciary net position - beginning	53,183,426	44,130,418
Plan fiduciary net position - ending (b)	\$ 56,072,917	\$ 53,183,426
City's net pension liability - ending (a) - (b)	\$ 9,019,330	\$ 11,106,319
Plan fiduciary net position as a percentage of the total pension liability	86.1%	82.7%
Covered-employee payroll	\$ 20,306,168	\$ 20,203,287
Net pension liability as a percentage of covered-employee payroll	44.4%	55.0%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF ALPHARETTA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF CITY CONTRIBUTIONS

	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 2,003,761	\$ 2,200,896	\$ 2,601,891	\$ 2,553,324	\$ 3,528,345
Contributions in relation to the actuarially determined contribution	2,300,000	2,250,000	2,705,967	2,987,389	3,104,944
Contribution deficiency (excess)	<u>\$ (296,239)</u>	<u>\$ (49,104)</u>	<u>\$ (104,076)</u>	<u>\$ (434,065)</u>	<u>\$ 423,401</u>
Covered employee payroll	\$ 20,306,168	\$ 20,203,287	\$ 21,623,292	\$ 22,141,454	\$ 23,393,451
Contributions as a percentage of covered-employee payroll	11.33%	11.14%	12.51%	13.49%	13.27%

	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 2,999,252	\$ 2,776,563	\$ 2,279,042	\$ 1,027,306	\$ 1,048,519
Contributions in relation to the actuarially determined contribution	2,849,289	2,531,525	2,279,042	1,948,525	1,048,519
Contribution deficiency (excess)	<u>\$ 149,963</u>	<u>\$ 245,038</u>	<u>\$ -</u>	<u>\$ (921,219)</u>	<u>\$ -</u>
Covered employee payroll	\$ 23,011,719	\$ 21,345,172	\$ 19,929,090	\$ 17,127,360	\$ 15,699,449
Contributions as a percentage of covered-employee payroll	12.38%	11.86%	11.44%	11.38%	6.68%

Notes to the Schedule:

(1) Actuarial Assumptions	
Valuation Date	January 1, 2015
Cost Method	Entry Age
Actuarial Asset Valuation Method	Five year smoothed market value
Assumed Rate of Return on Investments	7.50%
Projected Salary Increases	3.5%, which includes 1.0% due to merit and 2.5% for inflation
Cost-of-living Adjustment	None
Amortization Method	Level dollar for unfunded liability
Remaining Amortization Period	30 years (open)

(2) The schedule will present 10 years of information once it is accumulated.

CITY OF ALPHARETTA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF PENSION INVESTMENT RETURNS

	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expenses for the City's Pension Plan	3.1%	16.9%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF ALPHARETTA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE - GAAP BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 19,860,000	\$ 19,860,000	\$ 20,765,849	\$ 905,849
Sales and use taxes	13,900,000	13,900,000	14,757,780	857,780
Franchise taxes	6,400,000	6,400,000	6,682,041	282,041
Business taxes	4,217,500	4,217,500	4,425,286	207,786
Other taxes	2,322,000	2,322,000	2,767,730	445,730
Licenses and permits	1,985,100	1,985,100	2,912,433	927,333
Charges for services	2,573,150	2,664,979	3,266,847	601,868
Fines and forfeitures	2,302,000	2,302,000	2,767,465	465,465
Intergovernmental	380,000	380,000	386,458	6,458
Contributions and donations	62,500	85,183	83,257	(1,926)
Investment earnings	50,000	50,000	40,334	(9,666)
Other revenues	128,922	146,662	118,883	(27,779)
Total revenues	54,181,172	54,313,424	58,974,363	4,660,939
Expenditures:				
Current:				
General government:				
City clerk	332,685	332,685	324,876	7,809
Mayor and council	324,682	324,682	308,237	16,445
Municipal court	1,035,607	1,035,607	969,417	66,190
Legal	500,000	500,000	608,630	(108,630)
City administrator	2,188,087	2,256,166	2,223,289	32,877
Finance	2,965,851	2,965,851	2,847,669	118,182
Human resources	384,469	384,469	380,542	3,927
Technology services	1,469,300	1,469,300	1,467,121	2,179
Internal audit	171,152	171,152	170,400	752
Non-departmental	1,121,800	1,100,800	814,249	286,551
Total general government	10,493,633	10,540,712	10,114,430	426,282
Public safety	24,190,216	24,252,796	23,916,159	336,637
Public works	7,794,000	7,794,250	7,008,688	785,562
Community development	2,439,954	2,439,954	2,340,068	99,886
Culture and recreation	6,867,940	6,909,431	6,669,756	239,675
Debt service				
Principal	615,232	615,232	615,228	4
Interest	151,217	151,217	151,215	2
Total expenditures	52,552,192	52,703,592	50,815,544	1,888,048
Excess of revenues over expenditures	1,628,980	1,609,832	8,158,819	6,548,987

Continued

CITY OF ALPHARETTA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE - GAAP BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budget		Actual	Variance With Final Budget
	Original	Final		
Other financing sources (uses):				
Proceeds from sale of capital assets	101,520	101,520	162,797	61,277
Transfers in	1,662,000	1,662,000	1,858,068	196,068
Transfers out	(7,467,112)	(7,467,112)	(7,467,112)	-
Total other financing sources (uses)	(5,703,592)	(5,703,592)	(5,446,247)	257,345
Net change in fund balances	(4,074,612)	(4,093,760)	2,712,572	6,806,332
Fund balances, beginning of fiscal year	20,873,496	20,873,496	20,873,496	-
Fund balances, end of fiscal year	<u>\$ 16,798,884</u>	<u>\$ 16,779,736</u>	<u>\$ 23,586,068</u>	<u>\$ 6,806,332</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, as required by state law.

Confiscated Assets 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, as required by state law.

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.

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, as required by state law.

Debt Service Fund

Debt Service Fund – This fund is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of Governmental funds.

Capital Projects Fund

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

CITY OF ALPHARETTA, GEORGIA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2015

ASSETS	Special Revenue Funds		
	Hotel Motel	Impact Fee	Confiscated Assets
Cash and cash equivalents	\$ -	\$ 964,012	\$ 2,279,741
Investments	-	619,486	5
Taxes receivable, net	429,014	-	-
Accounts receivable	-	-	186
Intergovernmental	-	-	-
Total assets	<u>\$ 429,014</u>	<u>\$ 1,583,498</u>	<u>\$ 2,279,932</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 257,408	\$ 938	\$ -
Accrued expenditures	-	-	305,113
Due to other funds	171,606	-	64
Total liabilities	<u>429,014</u>	<u>938</u>	<u>305,177</u>
DEFERRED INLOWS OF RESOURCES			
Unavailable revenue - property taxes	-	-	-
Unavailable revenue - other	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted:			
Capital projects	-	1,582,560	-
Law enforcement	-	-	1,974,755
Emergency telephone system activities	-	-	-
Debt service	-	-	-
Assigned for grant projects	-	-	-
Total fund balances	<u>-</u>	<u>1,582,560</u>	<u>1,974,755</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 429,014</u>	<u>\$ 1,583,498</u>	<u>\$ 2,279,932</u>

Special Revenue Funds		Capital Project Fund		Nonmajor Governmental Funds	
Grant Operating	E911	Grant Capital	Debt Service Fund		
\$ 37,049	\$ 1,025,013	\$ 340,788	\$ 511,585	\$ 5,158,188	
23,872	658,685	218,995	328,751	1,849,794	
-	-	-	33,588	462,602	
-	567,193	-	-	567,379	
19,482	-	388,298	-	407,780	
<u>\$ 80,403</u>	<u>\$ 2,250,891</u>	<u>\$ 948,081</u>	<u>\$ 873,924</u>	<u>\$ 8,445,743</u>	
\$ 18,645	\$ 47,293	\$ 295,912	\$ 679	\$ 620,875	
-	43,388	1,634	-	350,135	
-	-	-	-	171,670	
<u>18,645</u>	<u>90,681</u>	<u>297,546</u>	<u>679</u>	<u>1,142,680</u>	
-	-	-	27,734	27,734	
11,598	9,511	8,177	-	29,286	
<u>11,598</u>	<u>9,511</u>	<u>8,177</u>	<u>27,734</u>	<u>57,020</u>	
-	-	328,328	-	1,910,888	
-	-	-	-	1,974,755	
-	2,150,699	-	-	2,150,699	
-	-	-	845,511	845,511	
50,160	-	314,030	-	364,190	
<u>50,160</u>	<u>2,150,699</u>	<u>642,358</u>	<u>845,511</u>	<u>7,246,043</u>	
<u>\$ 80,403</u>	<u>\$ 2,250,891</u>	<u>\$ 948,081</u>	<u>\$ 873,924</u>	<u>\$ 8,445,743</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, 2015

	Special Revenue Funds		
	Hotel Motel	Impact Fee	Confiscated Assets
Revenues:			
Property taxes	\$ -	\$ -	\$ -
Hotel/Motel taxes	4,645,170	-	-
Impact fees	-	529,004	-
Charges for services	-	-	-
Forfeiture income	-	-	769,983
Intergovernmental	-	-	-
Investment earnings	-	2,204	1,276
Miscellaneous	-	-	-
Total revenues	<u>4,645,170</u>	<u>531,208</u>	<u>771,259</u>
Expenditures:			
Current:			
General government	-	68,058	-
Culture and recreation	-	-	-
Public safety	-	-	892,714
Community development	2,787,102	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>2,787,102</u>	<u>68,058</u>	<u>892,714</u>
Excess (deficiency) of revenues over expenditures	<u>1,858,068</u>	<u>463,150</u>	<u>(121,455)</u>
Other financing uses:			
Transfers out	(1,858,068)	-	-
Total other financing uses	<u>(1,858,068)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	463,150	(121,455)
Fund balances, beginning of fiscal year	<u>-</u>	<u>1,119,410</u>	<u>2,096,210</u>
Fund balances, end of fiscal year	<u>\$ -</u>	<u>\$ 1,582,560</u>	<u>\$ 1,974,755</u>

Special Revenue Funds		Capital Project Fund	Total Nonmajor Governmental Funds	
Grant Operating	E911	Grant Capital	Debt Service Fund	
\$ -	\$ -	\$ -	\$ 3,508,728	\$ 3,508,728
-	-	-	-	4,645,170
-	-	-	-	529,004
-	3,235,946	-	-	3,235,946
-	-	-	-	769,983
47,737	898,734	1,038,048	-	1,984,519
105	3,803	1,033	4,516	12,937
-	6,913	-	-	6,913
47,842	4,145,396	1,039,081	3,513,244	14,693,200
-	-	-	-	68,058
292	-	-	-	292
55,297	5,966,396	-	-	6,914,407
-	-	-	-	2,787,102
-	-	1,460,435	-	1,460,435
-	-	-	2,157,300	2,157,300
-	-	-	1,423,598	1,423,598
55,589	5,966,396	1,460,435	3,580,898	14,811,192
(7,747)	(1,821,000)	(421,354)	(67,654)	(117,992)
-	-	-	-	(1,858,068)
-	-	-	-	(1,858,068)
(7,747)	(1,821,000)	(421,354)	(67,654)	(1,976,060)
57,907	3,971,699	1,063,712	913,165	9,222,103
\$ 50,160	\$ 2,150,699	\$ 642,358	\$ 845,511	\$ 7,246,043

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, 2015**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Hotel/Motel taxes	\$ 4,155,000	\$ 4,155,000	\$ 4,645,170	\$ 490,170
Total revenues	4,155,000	4,155,000	4,645,170	490,170
Expenditures:				
Current:				
Community development	2,493,000	2,493,000	2,787,102	(294,102)
Total expenditures	2,493,000	2,493,000	2,787,102	(294,102)
Excess of revenues over expenditures	1,662,000	1,662,000	1,858,068	196,068
Other financing uses:				
Transfers out	(1,662,000)	(1,662,000)	(1,858,068)	(196,068)
Total other financing uses	(1,662,000)	(1,662,000)	(1,858,068)	(196,068)
Net changes in fund balances	-	-	-	-
Fund balances, beginning of fiscal year	-	-	-	-
Fund balances, end of fiscal year	\$ -	\$ -	\$ -	\$ -

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, 2015**

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Impact fees	\$ 45,000	\$ 45,000	\$ 529,004	\$ 484,004
Investment earnings	1,350	1,350	2,204	854
Total revenues	<u>46,350</u>	<u>46,350</u>	<u>531,208</u>	<u>484,858</u>
Expenditures:				
Current:				
General government	<u>46,350</u>	<u>1,165,760</u>	<u>68,058</u>	<u>1,097,702</u>
Total expenditures	<u>46,350</u>	<u>1,165,760</u>	<u>68,058</u>	<u>1,097,702</u>
Net changes in fund balances	-	(1,119,410)	463,150	1,582,560
Fund balances, beginning of fiscal year	<u>1,119,410</u>	<u>1,119,410</u>	<u>1,119,410</u>	<u>-</u>
Fund balances, end of fiscal year	<u>\$ 1,119,410</u>	<u>\$ -</u>	<u>\$ 1,582,560</u>	<u>\$ 1,582,560</u>

CITY OF ALPHARETTA, GEORGIA
CONFISCATED ASSETS FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Forfeiture income	\$ 385,000	\$ 385,000	\$ 769,983	\$ 384,983
Investment earnings	1,504	1,504	1,276	(228)
Total revenues	<u>386,504</u>	<u>386,504</u>	<u>771,259</u>	<u>384,755</u>
Expenditures:				
Current:				
Public safety	<u>386,504</u>	<u>2,482,714</u>	<u>892,714</u>	<u>1,590,000</u>
Total expenditures	<u>386,504</u>	<u>2,482,714</u>	<u>892,714</u>	<u>1,590,000</u>
Net changes in fund balances	-	(2,096,210)	(121,455)	1,974,755
Fund balances, beginning of fiscal year	<u>2,096,210</u>	<u>2,096,210</u>	<u>2,096,210</u>	<u>-</u>
Fund balances, end of fiscal year	<u>\$ 2,096,210</u>	<u>\$ -</u>	<u>\$ 1,974,755</u>	<u>\$ 1,974,755</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, 2015**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 74,425	\$ 74,425	\$ 47,737	\$ (26,688)
Investment earnings	-	-	105	105
Total revenues	<u>74,425</u>	<u>74,425</u>	<u>47,842</u>	<u>(26,583)</u>
Expenditures:				
Current:				
General government	27,672	27,672	-	27,672
Public safety	73,959	73,959	55,297	18,662
Culture and recreation	30,701	30,701	292	30,409
Total expenditures	<u>132,332</u>	<u>132,332</u>	<u>55,589</u>	<u>76,743</u>
Net changes in fund balances	(57,907)	(57,907)	(7,747)	50,160
Fund balances, beginning of fiscal year	<u>57,907</u>	<u>57,907</u>	<u>57,907</u>	<u>-</u>
Fund balances, end of fiscal year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,160</u>	<u>\$ 50,160</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, 2015**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 2,625,000	\$ 2,625,000	\$ 3,235,946	\$ 610,946
Intergovernmental	850,000	850,000	898,734	48,734
Investment earnings	4,123	4,123	3,803	(320)
Miscellaneous	-	-	6,913	6,913
Total revenues	<u>3,479,123</u>	<u>3,479,123</u>	<u>4,145,396</u>	<u>666,273</u>
Expenditures:				
Current:				
Public safety	4,089,123	6,720,821	5,966,396	754,425
Total expenditures	<u>4,089,123</u>	<u>6,720,821</u>	<u>5,966,396</u>	<u>754,425</u>
Net changes in fund balances	(610,000)	(3,241,698)	(1,821,000)	1,420,698
Fund balances, beginning of fiscal year	<u>3,971,699</u>	<u>3,971,699</u>	<u>3,971,699</u>	<u>-</u>
Fund balances, end of fiscal year	<u>\$ 3,361,699</u>	<u>\$ 730,001</u>	<u>\$ 2,150,699</u>	<u>\$ 1,420,698</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, 2015**

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	\$ 3,412,000	\$ 3,412,000	\$ 3,508,728	\$ 96,728
Investment earnings	9,000	9,000	4,516	(4,484)
Total revenues	<u>3,421,000</u>	<u>3,421,000</u>	<u>3,513,244</u>	<u>92,244</u>
Expenditures:				
Current:				
General government	5,000	753,267	-	753,267
Debt service:				
Principal	2,157,300	2,157,300	2,157,300	-
Interest	1,423,598	1,423,598	1,423,598	-
Total expenditures	<u>3,585,898</u>	<u>4,334,165</u>	<u>3,580,898</u>	<u>753,267</u>
Net change in fund balances	(164,898)	(913,165)	(67,654)	845,511
Fund balances, beginning of fiscal year	<u>913,165</u>	<u>913,165</u>	<u>913,165</u>	<u>-</u>
Fund balances, end of fiscal year	<u>\$ 748,267</u>	<u>\$ -</u>	<u>\$ 845,511</u>	<u>\$ 845,511</u>

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

CITY OF ALPHARETTA, GEORGIA

BALANCE SHEET COMPONENT UNIT - DEVELOPMENT AUTHORITY JUNE 30, 2015

Assets

Cash	\$	455,430
Accounts receivable		35
Total assets	\$	<u>455,465</u>

Liabilities

Accounts payable	\$	1,393
Accrued liabilities		56,042
Total liabilities		<u>57,435</u>

Fund Balance

Fund balance:		
Restricted for:		
Job creation		60,000
ATC operations		232,500
Unassigned		<u>105,530</u>
Total fund balance		<u>398,030</u>
 Total liabilities and fund balance	\$	<u><u>398,030</u></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, 2015

Revenues:

Intergovernmental	\$ 20,000
Interest earnings	204
Miscellaneous income	1,471,496
Total revenues	<u>1,491,700</u>

Expenditures:

Community development	200,536
Debt service:	
Principal	785,000
Interest	267,190
Total expenditures	<u>1,252,726</u>

Net change in fund balances	238,974
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Fund balance, beginning of fiscal year	<u>159,056</u>
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Fund balance, end of fiscal year	<u><u>\$ 398,030</u></u>
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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>
Financial Trends	78-83

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

Revenue Capacity	84-89
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These schedules contain information to help the reader assess the Government's most significant local revenue source, property tax.

Debt Capacity	90-93
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These schedules present information to help the reader assess the affordability of the Government's current levels of outstanding debt and the Government's ability to issue additional debt in the future.

Demographic and Economic Information	94 and 95
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the Government's financial activities take place.

Operating Information	96-98
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These schedules contain service and infrastructure data to help the reader understand how the information in the Government's financial report relates to the services the Government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

CITY OF ALPHARETTA, GEORGIA

NET POSITION BY COMPONENT LAST TEN FISCAL YEARS

(accrual basis of accounting)

	2015	2014 (3)	2013	2012
Governmental activities				
Net investment in capital assets (2)	\$ 201,023,973	\$ 201,359,025	\$ 203,216,963	\$ 210,559,491
Restricted	7,791,738	9,614,036	8,063,704	6,669,541
Unrestricted	19,004,765	17,825,182	29,004,650	28,447,427
Total governmental activities net position	<u>\$ 227,820,476</u>	<u>\$ 228,798,243</u>	<u>\$ 240,285,317</u>	<u>\$ 245,676,459</u>
Business-type activities (1)				
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Unrestricted	967,766	1,013,492	1,026,865	1,016,648
Total business-type activities net position	<u>\$ 967,766</u>	<u>\$ 1,013,492</u>	<u>\$ 1,026,865</u>	<u>\$ 1,016,648</u>
Primary government				
Net investment in capital assets	\$ 201,023,973	\$ 201,359,025	\$ 203,216,963	\$ 210,559,491
Restricted	7,791,738	9,614,036	8,063,704	6,669,541
Unrestricted	19,972,531	18,838,674	30,031,515	29,464,075
Total primary government net position	<u>\$ 228,788,242</u>	<u>\$ 229,811,735</u>	<u>\$ 241,312,182</u>	<u>\$ 246,693,107</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 fiscal year and an increase in annexations which resulted in a large addition to infrastructure.

(3) 2014 was restated for the implementation of GASB Statement No. 68 and 71.

2011	2010	2009	2008	2007	2006
\$ 197,506,611	\$ 187,034,265	\$ 175,867,666	\$ 167,306,416	\$ 159,669,387	\$ 82,695,772
9,944,113	7,524,218	18,232,657	18,140,239	14,174,532	14,392,861
25,107,500	36,664,811	25,022,020	25,645,599	24,814,424	22,444,151
<u>\$ 232,558,224</u>	<u>\$ 231,223,294</u>	<u>\$ 219,122,343</u>	<u>\$ 211,092,254</u>	<u>\$ 198,658,343</u>	<u>\$ 119,532,784</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
995,792	956,834	982,404	843,883	630,455	467,185
<u>\$ 995,792</u>	<u>\$ 956,834</u>	<u>\$ 982,404</u>	<u>\$ 843,883</u>	<u>\$ 630,455</u>	<u>\$ 467,185</u>
\$ 197,506,611	\$ 187,034,265	\$ 175,867,666	\$ 167,306,416	\$ 159,669,387	\$ 82,695,772
9,944,113	7,524,218	18,232,657	18,140,239	14,174,532	14,392,861
26,103,292	37,621,645	26,004,424	26,489,482	25,444,879	22,911,336
<u>\$ 233,554,016</u>	<u>\$ 232,180,128</u>	<u>\$ 220,104,747</u>	<u>\$ 211,936,137</u>	<u>\$ 199,288,798</u>	<u>\$ 119,999,969</u>

CITY OF ALPHARETTA, GEORGIA

CHANGES IN NET POSITION LAST TEN FISCAL YEARS

(accrual basis of accounting)

	2015	2014	2013	2012
Expenses				
Governmental activities (1):				
General government	\$ 12,065,471	\$ 11,463,544	\$ 12,321,146	\$ 10,825,565
Public safety	32,637,732	27,912,188	26,435,109	25,811,403
Public works	17,529,801	14,035,094	17,291,919 (9)	13,955,690
Community development	5,183,616	4,774,226	8,668,317	3,901,289
Culture and recreation	8,111,598	7,834,329	7,139,273	7,324,834
Interest on long-term debt	1,606,823	1,807,273	1,860,527	1,766,432
Total governmental activities expenses	<u>77,135,041</u>	<u>67,826,654</u>	<u>73,716,291</u>	<u>63,585,213</u>
Business-type activities:				
Solid waste	3,264,095	3,213,392	3,197,191	3,144,127
Total business-type activities expenses	<u>3,264,095</u>	<u>3,213,392</u>	<u>3,197,191</u>	<u>3,144,127</u>
Total primary government expenses	<u>\$ 80,399,136</u>	<u>\$ 71,040,046</u>	<u>\$ 76,913,482</u>	<u>\$ 66,729,340</u>
Program Revenues				
Governmental activities:				
Charges for services (3):				
General government	\$ 3,318,538	\$ 2,843,024	\$ 2,967,937	\$ 3,262,882
Public safety	5,752,584	5,138,078	5,156,890	5,011,033
Public works	32,726	88,191	36,268	12,304
Community development	3,628,850	2,725,927	1,577,213	2,301,293
Culture and recreation	1,820,871	1,709,555	2,023,639	2,019,465
Operating grants and contributions	636,727	397,870	398,524	82,200
Capital grants and contributions (4)	3,299,374	1,662,642	4,733,378	14,284,321
Total governmental activities program revenues	<u>18,489,670</u>	<u>14,565,287</u>	<u>16,893,849</u>	<u>26,973,498</u>
Business-type activities:				
Charges for services:				
Solid waste	3,215,238	3,194,769	3,204,318	3,160,503
Total business-type activities program revenues	<u>3,215,238</u>	<u>3,194,769</u>	<u>3,204,318</u>	<u>3,160,503</u>
Total primary government program revenues	<u>\$ 21,704,908</u>	<u>\$ 17,760,056</u>	<u>\$ 20,098,167</u>	<u>\$ 30,134,001</u>
Net (expense)/revenue				
Governmental activities	\$ (58,645,371)	\$ (53,261,367)	\$ (56,822,442)	\$ (36,611,715)
Business-type activities	(48,857)	(18,623)	7,127	16,376
Total primary government net expense	<u>\$ (58,694,228)</u>	<u>\$ (53,279,990)</u>	<u>\$ (56,815,315)</u>	<u>\$ (36,595,339)</u>

(continued)

2011	2010	2009	2008	2007	2006
\$ 8,731,761	\$ 9,424,951 (8)	\$ 13,555,184	\$ 12,534,856	\$ 11,261,061	\$ 8,990,207
25,935,466	25,425,405	25,257,385	22,676,999	20,667,092	19,095,508
17,823,080	12,201,036 (8)	8,851,486	10,119,284	9,634,496	5,662,936
3,883,385	3,676,652	3,864,513	4,121,134	3,821,709	3,836,608
7,049,036	7,127,575	7,235,369	7,107,174	6,884,913	6,495,895
1,632,890	1,737,171	2,400,013	2,736,354	3,104,426	2,043,045
65,055,618	59,592,790	61,163,950	59,295,801	55,373,697	46,124,199
3,048,205	2,677,687	2,525,644	2,489,734	2,499,994	2,231,660
3,048,205	2,677,687	2,525,644	2,489,734	2,499,994	2,231,660
\$ 68,103,823	\$ 62,270,477	\$ 63,689,594	\$ 61,785,535	\$ 57,873,691	\$ 48,355,859
\$ 3,791,391	\$ 3,921,041	\$ 4,461,205	\$ 4,169,775	\$ 4,053,626	\$ 4,299,561
4,704,105	3,788,809	3,208,110	3,320,904	3,202,515	1,584,186
14,214	10,543	27,799	64,874	228,036	110,457
2,051,232	1,524,015	1,145,558 (6)	2,198,050	2,842,438	2,432,818
1,869,572	1,840,027	1,968,879	2,061,190	1,985,418	1,962,193
85,049	180,396	689,900	273,823	1,129,000	116,537
3,397,529	9,084,587 (2)	3,962,277 (7)	6,758,541	10,554,478	53,542,116
15,913,092	20,349,418	15,463,728	18,847,157	23,995,511	64,047,868
3,083,736	2,645,368	2,633,974	2,643,367	2,621,405	1,985,355
3,083,736	2,645,368	2,633,974	2,643,367	2,621,405	1,985,355
\$ 18,996,828	\$ 22,994,786	\$ 18,097,702	\$ 21,490,524	\$ 26,616,916	\$ 66,033,223
\$ (49,142,526)	\$ (39,243,372)	\$ (45,700,222)	\$ (40,448,644)	\$ (31,378,186)	\$ 17,923,669
35,531	(32,319)	108,330	153,633	121,411	(246,305)
\$ (49,106,995)	\$ (39,275,691)	\$ (45,591,892)	\$ (40,295,011)	\$ (31,256,775)	\$ 17,677,364

CITY OF ALPHARETTA, GEORGIA

CHANGES IN NET POSITION LAST TEN FISCAL YEARS (accrual basis of accounting)

	2015	2014	2013	2012
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	\$ 24,216,991	\$ 23,681,167	\$ 23,055,884	\$ 21,451,396
Sales taxes	14,757,780	13,575,938	12,173,275	12,239,330
Franchise taxes (5)	6,682,041	6,235,684	6,346,008	6,430,151
Hotel/Motel occupancy tax (5)	4,637,950	4,137,790	3,859,498	3,364,193
Business taxes (5)	4,425,286	4,227,363	4,072,729	3,912,564
Other taxes (5)	2,767,730	2,243,736	2,318,455	2,244,577
Unrestricted investment earnings	75,916	124,173	97,018	87,739
Gain on sale of capital assets	103,910	-	-	-
Miscellaneous	-	-	-	-
Transfers	-	-	-	-
Total governmental activities	<u>57,667,604</u>	<u>54,225,851</u>	<u>51,922,867</u>	<u>49,729,950</u>
Business-type activities:				
Unrestricted investment earnings	3,131	5,250	3,090	4,480
Miscellaneous	-	-	-	-
Transfers	-	-	-	-
Total business-type activities	<u>3,131</u>	<u>5,250</u>	<u>3,090</u>	<u>4,480</u>
Total primary government	<u>\$ 57,670,735</u>	<u>\$ 54,231,101</u>	<u>\$ 51,925,957</u>	<u>\$ 49,734,430</u>
Change in Net Position				
Governmental activities	\$ (977,767)	\$ 964,484	\$ (4,899,575)	\$ 13,118,235
Business-type activities	(45,726)	(13,373)	10,217	20,856
Total primary government	<u>\$ (1,023,493)</u>	<u>\$ 951,111</u>	<u>\$ (4,889,358)</u>	<u>\$ 13,139,091</u>

- (1) The changes in expenses are primarily due to capital expenditure variances from year to year.
- (2) In 2010 the City received a donated road and bridge worth over \$7,000,000.
- (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.

2011	2010	2009	2008	2007	2006
\$ 24,818,984	\$ 25,988,259	\$ 26,400,456	\$ 25,223,033	\$ 22,438,746	\$ 21,015,938
11,230,204	11,174,798	10,696,787	11,263,805	9,992,908	8,838,133
6,152,869	6,017,828	5,838,582	5,378,667	5,065,549	4,170,781
3,133,641	2,831,888	3,062,307	3,674,176	3,479,163	3,130,740
3,023,400	3,096,541	3,155,734	3,138,828	3,054,027	2,835,449
2,033,759	1,884,379	1,793,318	1,841,631	1,937,671	1,886,529
84,599	350,630	1,333,572	2,363,020	3,179,417	1,105,481
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(605)	-	(250,868)
50,477,456	51,344,323	52,280,756	52,882,555	49,147,481	42,732,183
3,427	6,749	30,191	59,190	41,859	27,483
-	-	-	-	-	-
-	-	-	605	-	250,868
3,427	6,749	30,191	59,795	41,859	278,351
\$ 50,480,883	\$ 51,351,072	\$ 52,310,947	\$ 52,942,350	\$ 49,189,340	\$ 43,010,534
\$ 1,334,930	\$ 12,100,951	\$ 6,580,534	\$ 12,433,911	\$ 17,769,295	\$ 60,655,852
38,958	(25,570)	138,521	213,428	163,270	32,046
\$ 1,373,888	\$ 12,075,381	\$ 6,719,055	\$ 12,647,339	\$ 17,932,565	\$ 60,687,898

- (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 2013 the City secured a \$4 million bond issued by the Development Authority for which the City is not the beneficiary of the proceeds, thus the full expense is recognized in the statement of activities.

CITY OF ALPHARETTA, GEORGIA

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

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Hotel/Motel Occupancy Tax
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
2012	21,451,396	12,239,330	6,430,151	3,364,193
2013	23,055,884	12,173,275	6,346,008	3,859,498
2014	23,681,167	13,575,938	6,235,684	4,137,790
2015	24,216,991	14,757,780	6,682,041	4,637,950

Business Taxes	Other Taxes	Total
\$ 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
3,912,564	2,244,577	49,642,211
4,072,729	2,318,455	51,825,849
4,227,363	2,243,736	54,101,678
4,425,286	2,767,730	57,487,778

CITY OF ALPHARETTA, GEORGIA

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Assigned:				
Book revenue	17,973	-	-	-
Subsequent budget appropriations	5,018,236	4,105,260	5,684,667	4,661,795
Unassigned	18,549,859	16,768,236	15,266,611	16,668,503
Total general fund	<u>\$ 23,586,068</u>	<u>\$ 20,873,496</u>	<u>\$ 20,951,278</u>	<u>\$ 21,330,298</u>
All other governmental funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds (1)	-	-	-	-
Restricted:				
Capital projects	2,986,088	14,896,779	28,411,579	31,250,773 (4)
Law enforcement	1,974,755	2,099,710	2,116,404	1,716,204
Emergency telephone services	2,150,699	3,971,699	3,325,910	2,486,266
Grant projects	-	-	-	-
Debt service	845,511	913,165	745,672	327,547
Promotion of tourism	-	-	11,114	11,081
Assigned:				
Grant projects	364,190	698,318	325,292	85,510
Capital projects	5,667,535	6,747,056	6,415,189	5,001,690
Unassigned:	-	-	-	(1,188,792)
Total all other governmental funds	<u>\$ 13,988,778</u>	<u>\$ 29,326,727</u>	<u>\$ 41,351,160</u>	<u>\$ 39,690,279</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.

(4) During 2012 the City issued \$29,000,000 of general obligation bonds, which remained unspent at year-end.

<u>2011 (3)</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ -	\$ 63,663	\$ 33,154	\$ 49,466	\$ 411,191	\$ 416,165
-	18,815,691	21,262,328	22,833,742	19,435,188	21,989,576
-	-	-	-	-	-
4,441,136	-	-	-	-	-
16,123,905	-	-	-	-	-
<u>\$ 20,565,041</u>	<u>\$ 18,879,354</u>	<u>\$ 21,295,482</u>	<u>\$ 22,883,208</u>	<u>\$ 19,846,379</u>	<u>\$ 22,405,741</u>
\$ -	\$ 10,508,967	\$ 11,653,684	\$ 15,270,790	\$ 14,809,412	\$ 15,644,487
-	3,711,378	3,087,843	2,746,028 (2)	2,035,713 (2)	129,081
-	19,154,319	16,364,581	13,698,188	18,023,349	20,494,549
4,411,296	-	-	-	-	-
1,281,939	-	-	-	-	-
1,915,839	-	-	-	-	-
610,351	-	-	-	-	-
4,948,377	-	-	-	-	-
10,947	-	-	-	-	-
103,241	-	-	-	-	-
4,055,233	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 17,337,223</u>	<u>\$ 33,374,664</u>	<u>\$ 31,106,108</u>	<u>\$ 31,715,006</u>	<u>\$ 34,868,474</u>	<u>\$ 36,268,117</u>

CITY OF ALPHARETTA, GEORGIA

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

	2015	2014	2013	2012
Revenues				
Property taxes	\$ 24,274,577	\$ 23,696,658	\$ 23,127,131	\$ 23,226,420
Sales tax	14,757,780	13,575,938	12,173,275	12,239,330
Other taxes	18,520,227	16,837,353	16,596,690	15,951,485
Licenses and permits	2,912,433	2,400,059	1,859,213	2,201,211
Intergovernmental	3,570,796	2,691,949	8,104,863	5,412,258
Contributions and donations	171,226	536,309	116,510	25,277
Charges for services	6,502,793	5,563,630	5,136,187	5,184,606
Impact fees	529,004	337,108	158,038	468,657
Fines and forfeitures	3,537,448	2,865,931	3,356,903	3,930,119
Investment earnings	75,916	124,173	97,018	87,739
Miscellaneous	305,071	222,412	357,667	225,280
Total revenues	<u>75,157,271</u>	<u>68,851,520</u>	<u>71,083,495</u>	<u>68,952,382</u>
Expenditures				
General government	10,182,488	9,900,168	9,235,058	8,859,577
Public safety	30,830,566	26,448,052	25,074,754	24,696,668
Public works	7,008,688	6,819,823	6,700,695	6,580,587
Community development	5,127,170	4,742,837	4,340,018	3,934,018
Culture and recreation	6,670,048	6,248,603	6,128,106	6,140,771
Capital outlay	23,759,144	23,061,757	15,166,479	17,732,749
Intergovernmental	20,000	40,000	4,130,000	-
Debt service				
Principal	2,772,528	2,609,414	4,576,564	6,348,904
Interest	1,574,813	1,638,871	1,966,171	1,370,126
Other charges	-	170,000	-	400,334
Total expenditures	<u>87,945,445</u>	<u>81,679,525</u>	<u>77,317,845</u>	<u>76,063,734</u>
Excess (deficiency) of revenues over (under) expenditures	(12,788,174)	(12,828,005)	(6,234,350)	(7,111,352)
Other financing sources (uses)				
Transfers in	9,325,180	9,750,177	8,994,917	10,291,074
Transfers out	(9,325,180)	(9,750,177)	(8,994,917)	(10,683,574)
General obligation bond proceeds	-	17,695,000	-	29,000,000
Premium on bond issuance	-	-	-	1,001,322
Payments to refunding escrow	-	(17,518,423)	-	-
Capital leases	-	-	3,290,981	487,153
Issuance of intergovernmental payable	-	-	4,130,000	-
Sale of capital assets	162,797	549,213	95,230	133,690
Total other financing sources (uses)	<u>162,797</u>	<u>725,790</u>	<u>7,516,211</u>	<u>30,229,665</u>
Net change in fund balances	<u>\$ (12,625,377)</u>	<u>\$ (12,102,215)</u>	<u>\$ 1,281,861</u>	<u>\$ 23,118,313</u>
Debt service as a percentage of noncapital expenditures				
	6.1%	7.0%	9.5%	12.5%
Total debt service expenditures	4,347,341	4,248,285	6,542,735	7,719,030
Total non-capital expenditures	71,537,644	61,061,593	68,579,162	61,764,450

- (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.

	2011	2010	2009	2008	2007	2006
\$	25,175,624	\$ 25,940,049	\$ 26,363,736	\$ 25,276,979	\$ 22,498,377	\$ 20,918,071
	11,230,204	11,174,798	10,696,787	11,263,805	9,992,908	8,838,133
	14,343,669	13,830,636	13,849,941	14,033,302	13,536,410	12,023,499
	1,819,139	1,497,744	1,369,379 (3)	2,241,052	2,650,990	2,428,720
	1,417,580	1,018,726	2,654,411	4,789,371 (2)	190,137	416,456
	96,957	1,038,048	1,185,269	1,401,217	1,194,078 (1)	-
	5,194,559	4,640,288	4,646,782	4,863,146	4,899,304	4,189,487
	251,116	104,486	591,847	453,917	1,115,177	724,847
	4,235,789	3,867,865	3,726,714	3,936,673	3,477,753	2,820,273
	84,599	350,630	1,204,047 (4)	2,363,020	3,179,417	1,105,481
	405,286	295,292	476,829	320,005	1,207,870	566,229
	64,254,522	63,758,562	66,765,742	70,942,487	63,942,421	54,031,196
	7,805,079	7,390,748	8,394,078	8,178,118	7,223,771	8,303,827
	24,489,746	23,891,333	23,656,964	21,584,771	19,858,875	16,924,195
	6,343,910	7,025,225	7,312,275	6,929,946	5,762,199	3,595,196
	3,813,176	3,624,923	3,741,557	4,083,613	3,890,550	3,557,433
	6,139,829	6,168,144	6,303,376	6,453,642	6,043,546	5,466,088
	20,157,683	4,729,958	9,724,389 (5)	16,246,727	16,189,652	9,274,131
	-	-	-	-	-	-
	8,580,773	8,109,879	7,624,937	7,316,818	6,345,025	4,856,725
	1,522,673	1,789,637	2,438,731	2,745,648	2,807,337	2,006,528
	-	-	153,513	-	-	171,700
	78,852,869	62,729,847	69,349,820	73,539,283	68,120,955	54,155,823
	(14,598,347)	1,028,715	(2,584,078)	(2,596,796)	(4,178,534)	(124,627)
	6,837,811	8,143,936	7,867,835	8,532,046	13,195,113	7,984,514
	(7,564,111)	(9,393,322)	(7,867,835)	(8,532,651)	(13,195,113)	(8,235,382)
	-	-	8,620,000	-	-	26,290,000
	-	-	-	-	-	520,136
	-	-	(8,624,872)	-	-	-
	725,000	-	-	2,427,366	-	-
	247,893	73,099	244,000	53,396	219,529	6,500
	246,593	(1,176,287)	239,128	2,480,157	219,529	26,565,768
\$	(14,351,754)	\$ (147,572)	\$ (2,344,950)	\$ (116,639)	\$ (3,959,005)	\$ 26,441,141
	15.7%	16.8%	16.6%	17.4%	19.8%	18.1%
	10,103,446	9,899,516	10,063,668	10,062,466	9,152,362	6,863,253
	64,544,837	59,080,042	60,507,757	57,895,569	46,322,696	37,846,739

CITY OF ALPHARETTA, GEORGIA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Motor Vehicle Tax	Alcoholic Beverage Tax	Other Taxes	Total
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
2012	23,226,420	12,239,330	6,430,151	1,198,459	1,687,862	6,635,013	51,417,235
2013	23,127,131	12,173,275	6,346,008	1,202,974	1,712,952	7,334,756	51,897,096
2014	23,696,658	13,575,938	6,235,684	895,290	1,774,662	7,931,717	54,109,949
2015	24,274,577	14,757,780	6,682,041	622,507	1,998,770	9,216,909	57,552,584

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
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
2012	1,900,633,180	2,603,970,058	198,495,280	29,308
2013	1,899,875,770	2,558,697,811	201,312,700	10,760
2014	1,859,569,100	2,526,630,701	218,557,340	10,760
2015	1,924,974,730	2,513,543,524	186,312,400	23,862

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 \$30,000 per household in fiscal year 2008.

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

Homestead exemption was increased to \$40,000 per household in fiscal year 2012.

Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$ 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%
541,498,910	4,161,628,916	5.75	11,757,819,565	40.00%
533,072,610	4,126,824,431	5.75	11,649,742,603	40.00%
527,564,070	4,077,203,831	5.75	11,511,919,753	40.00%
529,904,910	4,094,949,906	5.75	11,562,137,040	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	Service Millage	Total City Millage	Operating Millage	Service Millage	County Millage	Operating Millage	Service Millage	Total School Millage		
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
2012	2011	4.215	1.535	5.750	10.281	0.270	10.551	18.502	0.000	18.502	0.250	35.053
2013	2012	4.820	0.930	5.750	10.281	0.270	10.551	18.502	0.000	18.502	0.200	35.003
2014	2013	4.870	0.880	5.750	10.211	0.270	10.481	18.502	0.000	18.502	0.150	34.883
2015	2014	4.950	0.800	5.750	11.781	0.270	12.051	18.502	0.000	18.502	0.100	34.883

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

Fiscal Year	State of Georgia	Local Option Sales Tax	Metropolitan Atlanta Regional Transportation	Fulton County Board of Education	Total Overlapping Rates
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
2012	4	1	1	1	7
2013	4	1	1	1	7
2014	4	1	1	1	7
2015	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	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
BRE COH GA LLC	\$ \$ 61,204,760	1	1.49 %	\$ -	-	-
GGP North Point Inc	58,129,760	2	1.42	29,149,600	1	0.99 %
Sanctuary Park Realty Holding	54,234,980	3	1.32	-	-	-
Gardner Drive LLC	37,990,640	4	0.93	17,996,340	4	0.61
Wells Fargo Bank NA Trustee	26,154,160	5	0.64	-	-	-
AMLI at Milton Park LLC	24,026,360	6	0.59	12,247,880	8	0.42
Metropolitan Life Ins Co	22,459,640	7	0.55	-	-	-
PPF Amli Mansell Road LLC	22,000,000	8	0.54	-	-	-
CP Venture Two LLC	21,877,600	9	0.53	11,166,600	10	0.38
AT&T Resource Mgmt Corp	20,020,680	10	0.49	14,606,710	5	0.50
Imperatum Georgia LLC	-	-	-	18,636,160	2	0.64
HBO & Co of GA	-	-	-	18,137,590	3	0.62
Allianz Life Insurance	-	-	-	14,551,000	6	0.50
Digital Equipment Corp	-	-	-	12,594,720	7	0.43
Weeks Realty	-	-	-	11,329,120	9	0.39
Totals	<u>\$ 348,098,580</u>		<u>8.50 %</u>	<u>\$ 160,415,720</u>		<u>5.48 %</u>

Source: Fulton County Board of Assessors

CITY OF ALPHARETTA, GEORGIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Tax Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Pct. of Levy		Amount	Percentage of Levy
2006	2005	\$ 19,555,667	\$ 19,227,210	98.32 %	\$ 305,701	\$ 19,532,911	99.88 %
2007	2006	21,344,474	20,926,995	98.04	398,433	21,325,428	99.91
2008	2007	23,623,235	23,144,721	97.97	454,237	23,598,958	99.90
2009	2008	25,153,014	24,170,200	96.09	954,752	25,124,952	99.89
2010	2009	24,750,253	24,113,565	97.43	591,577	24,705,142	99.82
2011	2010	23,185,538	22,902,145	98.78	240,567	23,142,712	99.82
2012	2011	21,999,858	21,691,376	98.60	269,262	21,960,638	99.82
2013	2012	21,533,175	21,113,760	98.05	363,066	21,476,826	99.74
2014	2013	21,384,269	21,144,336	98.88	150,321	21,294,657	99.58
2015	2014	22,167,634	22,009,987	99.29	0	22,009,987	99.29

(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	Capital	Notes	Revenue	Capital			
	Bonds	Leases	Payable	Bonds	Leases			
2006	\$ 62,410,000	\$ -	\$ 1,351,350	\$ -	\$ -	\$ 63,761,350	3.35 %	\$ 1,322
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
2012	49,280,000	2,010,908	749,100	-	-	52,040,008	1.97	876
2013	48,753,210	2,525,200	4,784,225	-	-	56,062,635	2.00	905
2014	48,541,210	2,088,963	4,626,050	-	-	55,256,223	2.01	887
2015	46,403,302	1,638,733	4,358,750	-	-	52,400,785	1.99	831

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

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
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
2012	49,280,000	0.42	830
2013	48,753,210	0.42	787
2014	48,541,210	0.42	779
2015	46,403,302	0.40	736

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, 2015

	<u>Net General Obligations 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, Georgia	\$ 153,044,000	8.1%	\$ 12,396,564
Fulton County Board of Education	<u>71,840,000</u>	13.7%	<u>9,842,080</u>
Subtotal, overlapping debt	224,884,000		22,238,644
City of Alpharetta direct debt	<u>52,400,785</u>	100.0%	<u>52,400,785</u>
Total direct and overlapping debt	<u><u>\$ 277,284,785</u></u>		<u><u>\$ 74,639,429</u></u>

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

Debt outstanding data provided by the Fulton County Board of Education.

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

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

CITY OF ALPHARETTA, GEORGIA

LEGAL DEBT MARGIN INFORMATION LAST TEN FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Debt limit	\$ 462,485,482	\$ 460,476,790	\$ 465,989,704	\$ 470,312,783
Total net debt applicable to limit	<u>45,562,966</u>	<u>47,655,000</u>	<u>48,007,538</u>	<u>48,952,453</u>
Legal debt margin	<u>\$ 416,922,516</u>	<u>\$ 412,821,790</u>	<u>\$ 417,982,166</u>	<u>\$ 421,360,330</u>
Total net debt applicable to the limit as a percentage of debt limit	10%	10%	10%	10%

Legal Debt Margin Calculation for Current Fiscal Year

Assessed value	\$ 4,094,949,906
Add back: exempt real property	<u>529,904,910</u>
Total assessed value	4,624,854,816
Debt limit (10% of total assessed value)	462,485,482
Debt applicable to limit:	
General obligation bonds	46,403,302
Less: Amount set aside for repayment of general obligation debt	<u>(840,336)</u>
Total net debt applicable to limit	<u>45,562,966</u>
Legal debt margin	<u>\$ 416,922,516</u>

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 479,413,845	\$ 498,525,167	\$ 515,651,527	\$ 444,632,135	\$ 375,083,691	\$ 324,677,897
<u>21,271,623</u>	<u>27,458,890</u>	<u>33,174,764</u>	<u>38,571,506</u>	<u>45,435,910</u>	<u>55,542,002</u>
<u>\$ 458,142,222</u>	<u>\$ 471,066,277</u>	<u>\$ 482,476,763</u>	<u>\$ 406,060,629</u>	<u>\$ 329,647,781</u>	<u>\$ 269,135,895</u>
4%	6%	6%	9%	12%	17%

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

Fiscal			Per Capita		Education		Unemployment
Year	Population (1)	Personal	Personal	Median	Levels in Years	School	Rate (2)
		Income	Income (2)	Age (3)	Schooling (4)	Enrollment (4)	
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
2012	59,397	2,642,513,133	44,489	36.8	16.0	12,033	6.9
2013	61,981	2,800,921,390	45,190	36.8	16.0	16,456	6.2
2014	62,298	2,750,020,614	44,143	35.8	16.0	17,989	5.9
2015	63,038	2,636,312,198	41,821	36.4	16.0	17,238	4.8

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	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
ADP, INC.	2,012	1	2.52 %	\$ 1,800	2	1.50 %
MCKESSON INFORMATION SOLUTIONS	1,676	2	2.10	1,400	3	1.17
VERIZON BUSINESS NETWORK SERVICES	1,457	3	1.82			-
HEWLETT-PACKARD COMPANY	1,106	4	1.38	1,251	4	1.04
LEXIS NEXIS RISK SOLUTIONS	1,070	5	1.34			-
UPS SUPPLY CHAIN SOLUTIONS GENERAL SVCS	1,005	6	1.26	758	10	0.63
EQUIFAX INFORMATION SERVICES	974	7	1.22			-
GE CONSUMER FINANCE-AMERICA	865	8	1.08	848	9	0.71
RYDER TRUCK RENTAL INC	804	9	1.01			-
E TRADE FINANCIAL CORPORATION	775	10	0.97			-
AT&T	-		-	2,000	1	1.67
CINGULAR	-		-	1,200	5	1.00
CHOICE POINT	-		-	1,102	6	0.92
RADIANT SYSTEMS	-		-	925	7	0.77
LUCENT	-		-	906	8	0.76
	<u>11,744</u>		<u>14.69 %</u>	<u>12,190</u>		<u>10.17 %</u>

Sources: City of Alpharetta Community Development Department

CITY OF ALPHARETTA, GEORGIA

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Function										
General government										
Mayor and City Council	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
City Administration	11.0	14.0	14.0	11.0	10.0	10.0	10.0	9.5	9.5	10.5
Finance	25.0	25.0	25.0	26.0	26.0	26.0	25.0	22.0	22.0	22.0
Human Resources	3.0	3.0	3.0	3.0	3.0	3.0	3.0	6.0	7.0	7.0
Municipal Court	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	7.5	7.5
Information Technology	12.0	12.0	12.0	12.0	12.0	12.0	13.0	12.0	9.0	8.0
Community Development	23.0	23.0	20.0	20.0	21.0	21.0	21.0	21.0	22.0	20.0
Public Safety	246.0	246.0	240.0	240.0	238.0	238.0	238.0	237.0	235.0	215.0
Public works	59.0	59.0	62.0	62.0	62.0	62.0	62.0	60.0	57.0	57.0
Culture and recreation	54.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	49.0
Total	449.0	449.0	443.0	441.0	439.0	439.0	439.0	434.5	427.0	403.0

CITY OF ALPHARETTA, GEORGIA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Function										
General government										
Ordinances approved	14	13	10	13	12	20	35	40	30	30
Special events held	127	104	95	90	62	62	65	61	35	38
Court cases heard	10,996	13,791	17,498 (10)	18,946 (10)	21,336 (10)	9,859	12,449	12,428	12,527	12,342
Bond rating	Aaa/AAA	Aaa/AAA	Aa1-AAA	Aa1-AAA	Aa1-AAA	Aa1-AAA	Aa1-AAA	Aa1-AAA	Aa1-AAA	Aa1-AA+
Software applications supported	115	124	157	164	173	172	179	80	70	68
Grants managed	35	42	44	40	43	40	30	34	34	26
Police										
Calls for service	71,302	77,967	77,156	70,711	74,773	82,499	74,966	98,223	80,229	52,056
Part 1 crimes reported	1,577	1,655	1,627	1,797	1,486	1,676	1,126	1,899	2,077	1,922
Traffic citations issued	22,316	26,478	24,316	22,517	21,561	23,621	18,727	17,519	19,197	16,100
Fire										
Incident responses	6,374	6,305	5,984	5,268	5,410	6,143	6,197	5,939	5,590	5,113
Average response time	6:10	3:29	3:40	6:18	6:18	6:46	6:24	4:23	5:24	5:29
Fire safety programs conducted	149	159	146	176	146	145	126	100	395	203
Inspections conducted	8,914	7,253	7,048	7,215	7,269	7,216	7,404	5,093	6,456	4,646
Highways and streets										
Traffic signals timed	56	49	54	51	50	40	56	N/A	82	N/A
Average days to repair pothole	1	1	1	1	1	1	2	1	2	25
Stormwater plans reviewed	122	106	163	133	133	103	161	260	224	68
Community development										
New building permits issued	5,018	3,892	3,287	2,995	2,516	2,360	3,352	3,692	4,821	3,855
Parcels annexed	-	-	-	-	-	1	-	2	36	352
Culture and recreation										
Park acres maintained	320	312	312	312	312	311	311	306	306	300
Greenway acres maintained	250	206	206	206	206	205	205	200	200	200
Annual program registrants	41,450	37,310	36,191	26,366	20,106	20,132	21,135	23,597	23,777	23,500

Source: Various City departments

(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	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units and support vehicles	158	158	155	135	146	139	145	138	115	110
Police motorcycles	8	8	8	8	7	7	7	6	5	6
Fire										
Fire stations	6	6	6	6	6	6	6	6	6	6
Ladder units - in service	1	1	1	1	1	1	1	1	2	2
Ladder units - reserve	1	1	1	1	1	1	1	1	-	-
Pumper units - in service	6	6	6	6	6	6	6	6	6	6
Pumper units - reserve	2	2	2	2	2	2	2	2	2	2
Highways and streets										
Streets - paved (miles)*	225	214	214	214	214	218	270	270	270	257
Streets - unpaved (miles)	2	1	1	1	1	1	1	2	2	2
Sidewalk (miles)	220	214	212	211	205	205	202	204	170	143
Drainage - piped (miles)	128	99	99	100	100	100	100	99	99	90
Drainage - open (miles)*	58	35	35	40	40	40	165	165	165	157
Culture and recreation										
Parks - active and passive	15	15	15	14	15	14	11	9	9	9
Park acreage	797	764	764	764	764	762	762	757	760	769
Greenway and walking trails (miles)	17	12	12	12	12	11	11	11	11	11
Adaptive athletic fields	1	1	1	1	1	1	1	1	1	1
Athletic fields	28	28	29	28	28	29	28	29	29	29
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	1	1	1	1	2	2	2
Tennis courts	17	17	17	17	17	17	17	17	17	17
Recreation buildings	20	20	20	20	20	20	18	18	11	11
Playgrounds	8	8	8	8	8	7	7	7	7	6
Picnic shelters/restrooms	24	24	24	24	33	31	31	29	24	23

Source: Various government departments

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

* Change due to update of GIS records