



CITY OF ALPHARETTA, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

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, 2018**

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December 20, 2018

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, 2018. 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 unmodified (“clean”) opinion on the City of Alpharetta’s financial statements for the year ended June 30, 2018. 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.

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 65,799. Population growth has been fueled in part by the City’s strong economic base as well as the annexation of surrounding communities.

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

Government Profile

The City operates under a strong mayoral form of government, whereby the mayor possesses all of the executive and administrative powers granted to the government under the constitution and laws of the State of Georgia and the City charter. Policy making and legislative authority are vested in the governing council, consisting of the mayor and six (6)

MAYOR
JIM GILVIN

MAYOR PRO TEM
DONALD F. MITCHELL

COUNCIL MEMBERS
JASON BINDER
BEN BURNETT
JOHN HIPES
DAN MERKEL
KAREN RICHARD

CITY
ADMINISTRATOR
ROBERT J. REGUS

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).

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. salaries, healthcare, etc.).

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 a periodic basis to ensure the underlying rate is reasonable and justifiable. Examples of revenue sources that are reevaluated periodically 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 (general fund – 4.72 mills; debt services – 1.03 mills) in fiscal year 2018 which, while flat with fiscal year 2017, includes funding totaling \$4.5 million from General Fund operations for a recurring capital program (e.g. milling and resurfacing of City streets, traffic equipment maintenance and replacement, drainage system maintenance, etc.). 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 the fiscal year 2018 totaled \$40,000 and

is more than double the amounts offered by our companion cities and saves our homeowners over \$2.4 million annually (equates to a 1.3 mill reduction for the average homeowner).

At the end of the current fiscal year, total fund balance for the general fund was \$24,637,083 which is a decrease of \$3,823,268 from the prior year. This balance represents approximately 37% of 2019 budgeted operating expenditures. Approximately 24.8% of total fund balance, or \$6,100,065, constitutes assigned fund balance for 2019 fiscal year expenditures.

Approximately 75.2% of total fund balance, or \$18,537,018, constitutes unassigned fund balance. This balance represents approximately 27.9% of 2019 budgeted operating expenditures. By ordinance, the City has mandated that such balance not be less than 16% of budgeted operating expenditures. This requirement allows the City to maintain an adequate reserve to cover unforeseen emergencies and/or revenue shortfalls. Historically, the City has set the minimum for the emergency reserve at a level in excess of the ordinance requirement. For fiscal year end 2018, the emergency reserve requirement remained at 21% which equates to \$14,000,000. The surplus after such emergency reserve and other allowances will enable the City to fund one-time future capital in the amount of \$4,537,018 as part of the annual budget to be developed for fiscal year 2020.

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.

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 COMPLETED DURING FISCAL YEAR 2018

The City maintained its focus on expanding sidewalk connectivity during fiscal year 2018 including the construction of sidewalk segments along North Point Parkway, Hembree Road, Pointe Place, Crabapple Road, Haynes Bridge Road, Canton Street, Upper Hembree Road, Waters Road, Mayfield Road, Alderman Drive, Nobel Court, Windward Plaza, Windward Concourse, Morris Road, Market Place, etc.

The City continued its aggressive infrastructure/facility maintenance plan including funding the milling and resurfacing of multiple city streets, traffic signal system replacement, traffic control system replacement, facility roof repair and replacement, etc.

The Public Safety Headquarters expansion was completed during fiscal year 2018 ensuring our public safety team has the space to effectively serve our citizens both now and into the foreseeable future. Numerous recreation improvements were completed during the year including renovation of the new Alpharetta Arts Center, expended Wills Park Pool complex, replacement of the artificial turf field at Webb Bridge Park (lower soccer field), parkland acquisition, etc.

Major Initiatives planned for fiscal year 2019

The City's capital plan for FY 2019 totals \$23 million and includes recommended capital initiatives totaling \$15 million with an additional \$8.2 million set aside for future capital investment. Specific initiatives include:

- Transportation (\$7.6 million) – Initiatives funded include: construction funding for Morris Road operational improvements; contribution towards McGinnis Ferry Road capacity improvements; construction funding for Bethany Road at Mid-Broadwell Road intersection improvements; Park Plaza signalization upgrade; as well as infrastructure maintenance initiatives (milling and resurfacing of streets, signal system, striping, traffic calming, bridge maintenance, landscaping, etc.).
- Drainage/Stormwater (\$1.9 million) – Initiatives funded include: Wills Park stream restoration measures; stormwater system inspections and maintenance; pipe repair and replacement; design of drainage control measures; etc.

- Facility (\$0.7 million) - Initiatives funded include: fire station renovations; public safety facility renovations (CID Offices); public works headquarters renovations; recreation center gym restorations; City Hall upgrades; general facility repair and maintenance (roof replacements); and the remaining funding needed for furniture purchases as part of the Public Safety Headquarters expansion.
- Recreation (\$1.5 million) - Initiatives funded include: synthetic turf field replacement at North Park; funding for design and construction of new park spaces throughout the City; Equestrian Center Foundation fundraising matching funds for the design/buildout of amenities at the Equestrian Center; resurfacing of the tennis courts at North Park; purchase and installation of wayfinding signage within the park system; etc.
- Fleet/Equipment Replacement (\$1.9 million) – Initiatives funded include the replacement of fleet that balances the maximization of public investment in terms of years and mileage while ensuring fleet assets are reliable and functional to ensure continued service capabilities to our customers (public safety, public works, etc.) and equipment aimed at maintaining a safe (traffic preemption system, public safety equipment) and fun (playground equipment) environment.

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, 2017. 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 29th 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, 2017. 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 15th 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, 2018. 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 15th consecutive year that the City has received this prestigious award. This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements and have submitted it to GFOA to determine its eligibility for another award.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Department of Finance. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor, governing council, and city administrator for their unfailing support for maintaining the highest standards of professionalism in the management of the City’s finances.

Respectfully submitted,



Thomas G. Harris, CPA
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, 2017

Christopher P. Morill

Executive Director/CEO

CITY OF ALPHARETTA, GEORGIA
LIST OF ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2018

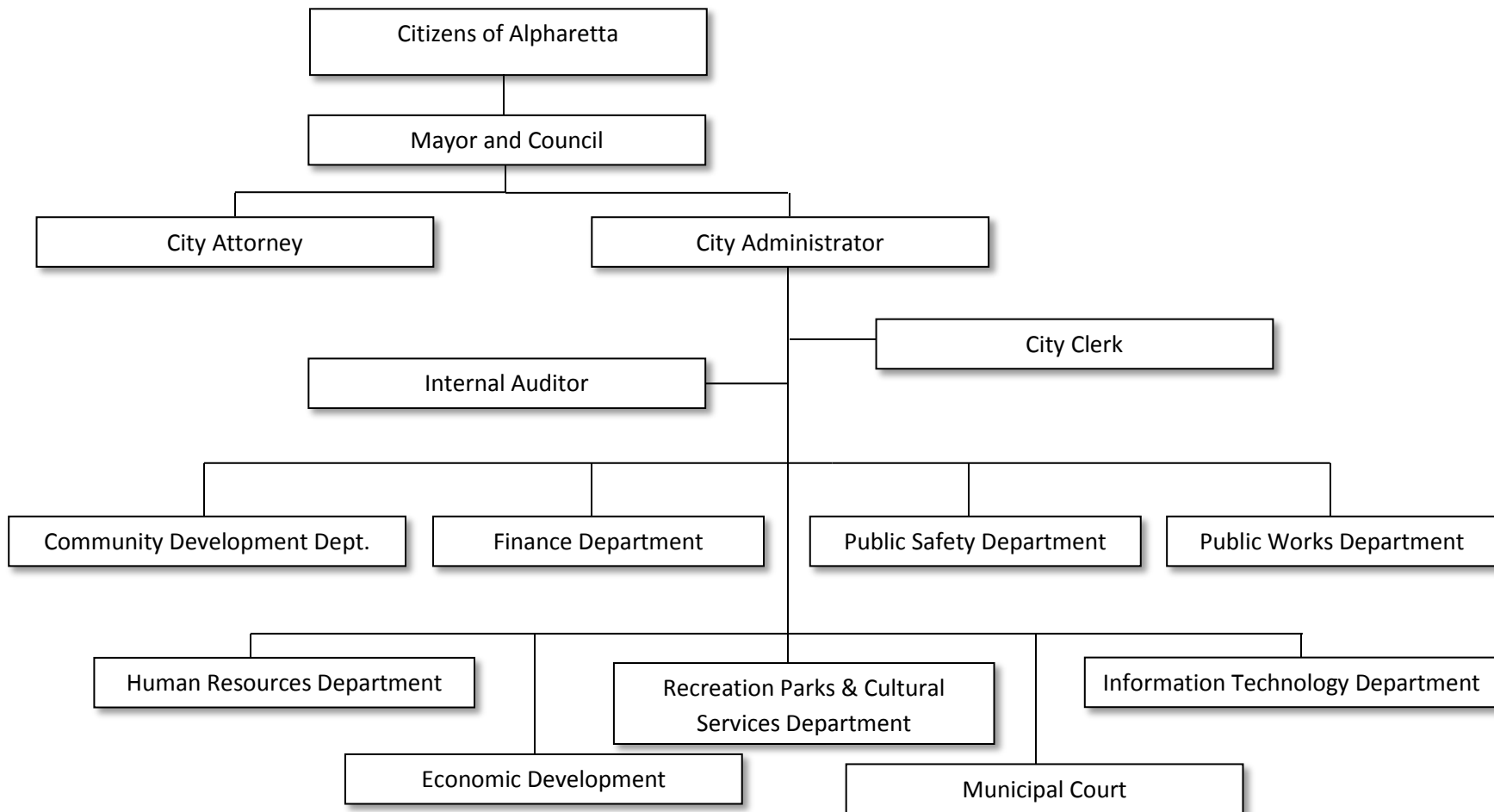
Elected Officials

Mayor Jim Gilvin
Council Member – Post 1 Donald Mitchell
Council Member – Post 2 Ben Burnett
Council Member – Post 3 Karen Richard
Council Member – Post 4 John Hipes
Council Member – Post 5 Jason Binder
Council Member – Post 6 Dan Merkel

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 Morgan Rodgers
Municipal Court Director Rita Tracey, Interim
Public Safety Director John Robison
Community Development Director Kathi Cook
Municipal Judge Barry Zimmerman

**CITY OF ALPHARETTA, GEORGIA
ORGANIZATIONAL CHART
JUNE 30, 2018**



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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in accordance with accounting principles general accepted in the United States of America.

Emphasis of Matter

As discussed in Notes V.F and V.I, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, as of July 1, 2017*. This standard significantly changed the accounting for the City's net other postemployment benefits (OPEB) liability(asset) 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 changes in the City's net OPEB liability (asset) and related ratios, schedule of contributions – OPEB Plan, schedule of OPEB investment returns, – OPEB Plan, schedule of changes in the City's net pension liability (asset) and related ratios – retirement plan, schedule of City contributions – retirement plan, schedule of pension investment returns – retirement plan, and the General Fund Budgetary Comparison Schedule on pages 4-13, 76, 77, 78, 79, 80, 81, and 82 and 83 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 the *Government Auditing Standards*, we have also issued our report dated December 20, 2018 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the City of Alpharetta, Georgia's internal control over financial reporting and compliance.



Atlanta, Georgia
December 20, 2018

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, 2018. 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 \$257,373,093 (total net position). Of this amount \$28,001,310 (unrestricted net position) may be used to meet the ongoing obligations of the government.
- As a result of implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Other Post-Employment Benefits (OPEB) Other Than Pensions*, beginning net position, governmental activities, was restated from \$248,808,416 to \$248,626,203.
- The City's total net position increased by \$7,613,678.
- As of the close of the current fiscal year, the City of Alpharetta's governmental funds reported combined ending fund balances of \$97,265,860, a decrease of \$12,819,956 from the prior year. The decrease was primarily due to continued capital outlay expenditures in the 2016 Bond Construction Fund and the Conference Center Fund.
- At the end of the current fiscal year, unassigned fund balance in the General Fund was \$18,537,018 which represents approximately 27.9% of 2019 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. Historically, when budgeting, the City has set the minimum for the emergency reserve at a level in excess of the ordinance requirement. For Fiscal year end 2018, the emergency reserve requirement remained at 21% which equates to \$14,000,000. The Surplus after such emergency reserve and other allowances will enable the City to fund one time future capital in the amount of \$4,537,018 as part of the annual budget to be developed for fiscal year 2020.

Overview of the Financial Statements

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

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

The statement of net 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 14 and 15 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The focus of governmental funds is narrower than that of the government-wide financial statements. It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains thirteen 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, T-SPLOST Capital, and 2016 Bond Construction funds, all of which are considered to be major funds. Data from the other nine 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 16 through 18 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 internal service funds to account for risk management and medical insurance.

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 and for risk management and medical insurance internal service funds.

The basic proprietary fund financial statements can be found on pages 19 through 21 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 22 and 23 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 24 through 75 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Alpharetta's pertaining to the City's pension and other postemployment 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 76 through 83 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 84 through 91 of this report.

City of Alpharetta's Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017 - restated	2018	2017	2018	2017
Current and other assets	\$ 111,994,801	\$ 123,907,391	\$ 2,977,526	\$ 2,386,901	\$ 114,972,327	\$ 126,294,292
Capital assets	293,592,536	276,112,931	-	-	293,592,536	276,112,931
Total assets	405,587,337	400,020,322	2,977,526	2,386,901	408,564,863	402,407,223
Deferred outflow of resources	3,904,281	4,121,953	-	-	3,904,281	4,121,953
Total deferred outflow of resources	3,904,281	4,121,953	-	-	3,904,281	4,121,953
Current liabilities	9,973,460	9,099,597	1,790,658	1,252,976	11,764,118	10,352,573
Non-current liabilities outstanding	140,746,440	143,029,825	676	713	140,747,116	143,030,538
Total liabilities	150,719,900	152,129,422	1,791,334	1,253,689	152,511,234	153,383,111
Deferred inflow of resources	2,584,817	3,386,650	-	-	2,584,817	3,386,650
Total deferred inflow of resources	2,584,817	3,386,650	-	-	2,584,817	3,386,650
Net investment in capital assets	207,591,818	156,743,582	-	-	207,591,818	156,743,582
Restricted	21,779,965	60,101,289	-	-	21,779,965	60,101,289
Unrestricted	26,815,118	31,781,332	1,186,192	1,133,212	28,001,310	32,914,544
Total net position	\$ 256,186,901	\$ 248,626,203	\$ 1,186,192	\$ 1,133,212	\$ 257,373,093	\$ 249,759,415

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 \$257,373,093 at the close of the most recent fiscal year. The largest portion of the City's net position (81%) 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.

An additional portion of the City's net position (8%) represents resources that are subject to external restrictions on how they may be used. At the close of fiscal year 2018, the City's restricted net positions were \$21,779,965 representing \$16,531,424 obligated for capital projects, \$1,809,076 restricted for tourism, \$1,061,090 restricted for the repayment of general obligation bond debt, \$526,463 restricted for law enforcement activities, and \$1,851,911 for emergency telephone activities.

The remaining balance in unrestricted net position of \$28,001,310 (11%) 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	
	2018	2017	2018	2017	2018	2017
Revenues						
<i>Program revenues:</i>						
Charges for services	\$ 14,284,145	\$ 15,661,315	\$ 3,851,806	\$ 3,275,135	\$ 18,135,951	\$ 18,936,450
Operating grants and contributions	918,641	576,130	-	-	918,641	576,130
Capital grants and contributions	4,300,025	10,320,847	-	-	4,300,025	10,320,847
<i>General revenues:</i>						
Property tax	27,953,119	27,218,360	-	-	27,953,119	27,218,360
Local option sales tax	26,669,576	14,943,853	-	-	26,669,576	14,943,853
Other taxes	22,359,684	24,176,514	-	-	22,359,684	24,176,514
Unrestricted investment earnings	1,152,024	560,590	19,817	8,994	1,171,841	569,584
Miscellaneous	-	-	-	-	-	-
Gain on sale of capital assets	-	2,656,725	-	-	-	2,656,725
Total revenues	97,637,214	96,114,334	3,871,623	3,284,129	101,508,837	99,398,463
Expenses						
General government	21,454,576	29,135,914	-	-	21,454,576	29,135,914
Public safety	32,400,805	30,123,186	-	-	32,400,805	30,123,186
Public works	10,681,676	14,533,961	-	-	10,681,676	14,533,961
Community development	6,553,596	5,772,585	-	-	6,553,596	5,772,585
Culture and recreation	14,990,020	10,686,154	-	-	14,990,020	10,686,154
Interest on long-term debt	3,995,843	3,835,898	-	-	3,995,843	3,835,898
Solid waste	-	-	3,818,643	3,274,907	3,818,643	3,274,907
Total expenses	90,076,516	94,087,698	3,818,643	3,274,907	93,895,159	97,362,605
Increase in net position	7,560,698	2,026,636	52,980	9,222	7,613,678	2,035,858
Net position - beginning, restated	248,626,203	246,599,567	1,133,212	1,123,990	249,759,415	247,723,557
Net position - ending	\$ 256,186,901	\$ 248,626,203	\$ 1,186,192	\$ 1,133,212	\$ 257,373,093	\$ 249,759,415

Governmental activities. Governmental activities increased the City's net position by \$7,560,698 (compared to an increase of \$2,026,636 in the prior year) accounting for nearly all of the increase in the net position of the City (business-type activities had an increase in net position of \$52,980). Key elements of this change from year to year are as follows:

- Total governmental program revenues decreased by \$7,055,481 primarily due to decrease in capital grants revenue from the prior year. In fiscal year 2017, the City recognized substantial capital grants revenue for the Encore Parkway bridge project.
- Total general revenues increased by \$8,578,361 from the prior year primarily due to increases in sales taxes from new T-SPLOST that became effective in late 2017.
- Total expenses of the governmental activities decreased by \$4,011,182 primarily, as a result of decreases in general government (\$7.7 million), and public works (\$3.9 million), offset in part by increases in public safety (\$2.3 million), community development (\$.8 million), and culture and recreation by (\$4.3 million), and interest on long-term debt (\$.2 million). The decreases were attributable to 2017 outlays funded for the benefit of other governmental agencies (county water /sewer) and outlays for a portion of the new conference center which is not owned or operated by the City. Increases in the public safety were predominantly related to personnel cost increases.

Business-type activities. Business-type activities increased the City of Alpharetta's net position by \$52,980 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 2018, the City reported governmental funds combined ending fund balance of \$97,265,860, a decrease of \$12,819,956 from the prior year. The decrease is primarily due to continued substantial capital outlay expenditures in the Capital Project Fund, Conference Center Fund, and 2016 Bond Construction Fund. Approximately 19.1% of this balance or \$18,537,018 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 \$53,096,354, law enforcement of \$323,177, emergency telephone activities of \$1,851,911, tourism of \$1,770,515, and debt service of \$1,032,049. Assigned fund balance consists of amounts assigned for grant projects of \$260,549, capital projects of \$14,294,222, and 2019 fiscal year expenditures of \$6,100,065.

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 \$24,637,083 which is a decrease of \$3,823,268 from the prior year. In terms of liquidity, total fund balance represents approximately 37% of 2019 budgeted expenditures.

Approximately 75.2% of total fund balance, or \$18,537,018 constitutes unassigned fund balance. This balance represents approximately 27.9% of 2019 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. Historically, when budgeting, the City has set the minimum for the emergency reserve at a level in excess of the ordinance requirement. For fiscal year end 2018, the emergency reserve requirement remained at 21% which equates to \$14,000,000. The surplus after such emergency reserve and other allowances will enable the City to fund one-time future capital in the amount of \$4,537,018 as part of the annual budget to be developed for fiscal year 2020.

The fund balance of the City's General Fund decreased during fiscal year 2018 by \$3,823,268. Revenues exceeded expenditures by \$7,184,708; however, net transfers out were \$11,147,662 and offset in part by proceeds from sale of capital assets for \$139,686. Council approved the utilization of prior year fund balance for capital projects (\$8,842,313). Other significant variances are explained below:

- From a year to year operational perspective, total revenues increased by \$746,927 primarily due to an increase in property tax revenue resulting from general growth in property valuations and new construction and sales tax revenue due to continued improvement in economic activity.
- Revenues of \$62,975,580 exceeded amount budgeted by \$1,543,360. Specific revenue variances include the following: property taxes (\$327,551 greater than budget); sales and use taxes (\$707,320 greater than budget); business taxes (\$366,329 greater than budget); franchise taxes (\$462,540 less than budget); licenses and permits (\$681,561 greater than budget due primarily to continued growth in city-wide development); and fines and forfeitures (\$397,186 less than budget).
- Total expenditures increased by \$2,457,810 from the prior year primarily due to the following growth drivers: (1) general salary growth; (2) increases in healthcare costs; and (3) increases in overtime, seasonal/temporary salaries, and general benefits.

- Expenditures came in well under budget, at \$55,790,872 with \$3,298,271 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.

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, \$12,747,363 was transferred to this fund from the General Fund, while expenditures amounted to \$14,416,148. The above along with \$947,389 in additional revenue, decreased fund balance by \$721,396 to \$14,141,446 at year-end as compared to \$14,862,842 at end of prior year.

T-SPLOST Capital Fund. During fiscal year 2018, the T-SPLOST capital fund received \$10,762,256 in sales tax proceeds and generated \$82,907 in investment income for a total revenue amount of \$10,845,163. Current expenditures amounted to \$890,416. The net amount resulted in an increase in fund balance of \$9,954,747 from \$1,839,068 to an ending fund balance amount of \$11,793,815.

2016 Bond Construction Fund. This fund is a capital project fund used to account for proceeds from issuance of 2016 General Obligation Bonds for the acquisition and construction of parks, greenways, and sidewalks; and the acquisition and construction of roads, streets, and bridges. Investment earnings of \$578,798 plus other revenue of \$3,061 resulted in total revenues of \$581,859 for fiscal year 2018. Capital outlay expenditures in the amount of \$10,223,120 decreased fund balance restricted for capital projects in the amount of \$9,641,261, from \$47,433,908 to \$37,792,647 at year end.

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 governmental activities internal service funds to account for risk management services and medical insurance.

Solid Waste Fund. Unrestricted net position of the solid waste enterprise fund at the end of the year amounted to \$1,186,192. The total increase in net position for the solid waste funds was \$52,980 compared to \$9,222 in the prior year. Total operating revenues increased by \$576,671 to \$3,851,806 due to a new service (glass recycling) and related fee increases. Investment earnings increased by \$10,823 over the prior year amount of \$8,994. Total expenses increased by \$543,736 to \$3,818,643.

Risk Management Fund. Unrestricted net position of the risk management fund decreased in the amount of \$57,199 from \$279,335 to \$222,136 as compared to a prior year decrease in the amount of \$309,706. Total operating revenues decreased by \$17,099 to \$1,391,175 while total operating expenses decreased by \$265,113 to \$1,457,621. Investment earnings increased by \$4,493 as well.

Medical Insurance Fund. The Medical Insurance Fund is an internal service fund created to account for the amounts charged to the City and its employees to pay for the medical insurance plan. The City's medical insurance plan is a fully insured medical plan that is funded through the carrier as a shared return minimum premium arrangement. Funding to the medical insurance fund is based on the City's maximum exposure on the policy. Expenses reflect actual claims and administrative costs. Charges for services and investment earnings amounted to \$6,999,840 and operating expenses amounted to \$6,763,959 resulting in an increase in net position of \$235,881 (as compared to \$1,040,242 in the prior year) yielding a net position of \$1,200,060 at year-end.

General Fund Budgetary Highlights

The City employs an annual mid-year budget process in order to realign 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 \$193,464 which consisted of increases of \$73,320 for budgeted business taxes, \$103,297 for charges for services, and \$16,847 for budgeted contributions and donations. Total budgeted expenditures increased by \$211,437 from the beginning of the year consisting of an increase to total General Government for \$75,451, Public Safety for \$21,250, and Culture and Recreation for \$114,736.
- Franchise taxes were \$462,540 less than amount budgeted, charges for services were \$72,462 less than amount budgeted, fines and forfeitures were \$397,186 less than amount budgeted, and contributions and donations were \$9,503 less than amount budgeted. However, revenues from property taxes were \$327,551 greater than amount budgeted, sales and use taxes were \$707,320 greater than amount budgeted, and business taxes and other taxes were \$383,536 greater than amount budgeted. Licenses and permits were \$681,561, intergovernmental revenues were \$166,978 greater than amount budgeted, and investment earnings and other revenues were \$218,105 greater than amount budgeted. The net result of all the revenue variances was that actual total revenues exceeded final budget total revenues by \$1,543,360.
- Total actual expenditures were \$3,298,721 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 General Government which expended \$1,035,691 less than final budget, Public Safety which expended \$1,098,144 less than final budget, Public Works which expended \$628,519 less than final budget, and Culture and Recreation which expended \$467,298 less than final budget.

Capital Asset and Debt Administration

Capital assets. The City of Alpharetta's investment in capital assets for its governmental activities as of June 30, 2018, amounts to \$293,592,536 (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:

- Additions to construction in progress for Rucker Road Corridor Project (\$2,188,197)
- Additions to construction in progress for Public Safety Headquarters Expansion and Renovation (\$3,667,714)
- Additions to construction in progress for Alpharetta Art Center (\$4,973,982)
- Wills Park Pool Project (\$5,738,065)

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

	Governmental Activities	
	2018	2017
Land and permanent improvements	\$ 87,384,255	\$ 85,052,463
Buildings	47,535,176	42,962,800
Improvements other than buildings	16,045,872	15,949,992
Machinery and equipment	10,445,088	8,210,409
Infrastructure	115,579,089	101,283,414
Construction in progress	16,603,056	22,653,853
Total	\$ 293,592,536	\$ 276,112,931

Additional information on the City's capital assets can be found in note IV.C on page 44 of this report.

Long-term debt. At the end of the fiscal year 2018, the City's total outstanding debt was \$121,792,316.

Total outstanding debt consists of \$89,095,000 of general obligation bonds, \$28,232,100 of notes payable and \$4,465,216 of capital leases payable.

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

	Governmental Activities	
	2018	2017
General obligation bonds	\$ 91,088,614	\$ 93,809,170
Notes payable	28,232,100	28,522,600
Capital leases payable	4,465,216	4,758,516
Total	\$ 123,785,930	\$ 127,090,286

The City's total debt decreased by \$3,304,356 during the 2018 fiscal year (includes bond debt, notes, and capital leases) primarily due to principal payments in the amount of \$3,727,824 during the year and new capital leases for \$504,024. 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 \$539,563,661.

Additional information on the City's long-term debt can be found in note IV.E on pages 46 through 52 of this report.

Economic Factors and Next Year's Budgets and Rates

The Fiscal Year 2019 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 1.1 mill reduction for the average homeowner.
 - Maintenance of the City's millage rate at 5.750 mills (flat with FY 2018) including funding \$4.5 million from General Fund operations for recurring capital initiatives (e.g. milling and resurfacing of city streets; traffic equipment replacement; drainage maintenance; etc.).
- Forecasted funding totaling \$23 million for capital investment within our City (includes the \$4.5 million in recurring capital discussed above) and described in detail within the Transmittal Letter of this document;
- Continuation of the same high service levels our citizenry, business owners, and stakeholders have to expect from our city; and
- Expanded service levels within multiple departments including Recreation, Parks and Cultural Services (operational funding for the new Arts Center and expanded Wills Park Pool complex), Public Safety (tactical patrol officer program, special events team armor, etc.), Community Development (upgrade from part-time to full-time for one Permit Technician position and one Administrative Assistant II position), Public Works (full funding of streetlights along public roads), etc.

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, 2018

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Development Authority
Cash and cash equivalents	\$ 48,969,937	\$ 1,897,256	\$ 50,867,193	\$ 111,463
Investments	17,020,158	893,174	17,913,332	-
Receivables, net of allowance for uncollectibles	5,593,144	187,096	5,780,240	153,925
Direct financing lease receivable	-	-	-	29,220,000
Prepaid items	268,960	-	268,960	-
Restricted cash equivalents	39,989,908	-	39,989,908	-
Net OPEB asset	152,694	-	152,694	-
Capital assets, non-depreciable	103,987,311	-	103,987,311	-
Capital assets, depreciable, net of accumulated depreciation	189,605,225	-	189,605,225	-
Total assets	405,587,337	2,977,526	408,564,863	29,485,388
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	1,050,041	-	1,050,041	857
Pension related item	2,691,588	-	2,691,588	-
OPEB related item	162,652	-	162,652	-
Total deferred outflows of resources	3,904,281	-	3,904,281	857
LIABILITIES				
Accounts payable and other current liabilities	9,973,461	666,747	10,640,208	2,345
Unearned revenue	-	1,123,911	1,123,911	-
Interest payable	656,837	-	656,837	153,925
Bonds payable, due within one year	2,710,000	-	2,710,000	1,120,000
Bonds payable, due in more than one year	88,378,614	-	88,378,614	28,776,406
Capital lease payable, due within one year	692,268	-	692,268	-
Capital lease payable, due in more than one year	3,772,948	-	3,772,948	-
Notes payable, due within one year	502,100	-	502,100	-
Notes payable, due in more than one year	27,730,000	-	27,730,000	-
Net pension liability, due in more than one year	12,056,664	-	12,056,664	-
Other noncurrent liabilities, due within one year	3,183,974	676	3,184,650	-
Other noncurrent liabilities, due in more than one year	1,063,034	-	1,063,034	-
Total liabilities	150,719,900	1,791,334	152,511,234	30,052,676
DEFERRED INFLOW OF RESOURCES				
Pension related item	2,485,532	-	2,485,532	-
OPEB related item	99,285	-	99,285	-
Total deferred inflow of resources	2,584,817	-	2,584,817	-
NET POSITION (DEFICIT)				
Net investment in capital assets	207,591,819	-	207,591,819	-
Restricted for:				
Capital projects	16,531,424	-	16,531,424	-
Economic Development	-	-	-	53,448
Tourism	1,809,076	-	1,809,076	-
Debt service	1,061,090	-	1,061,090	-
Law enforcement	526,463	-	526,463	-
Emergency telephone activities	1,851,911	-	1,851,911	-
Unrestricted (deficit)	26,815,118	1,186,192	28,001,310	(619,879)
Total net position (deficit)	\$ 256,186,901	\$ 1,186,192	\$ 257,373,093	\$ (566,431)

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, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 21,454,576	\$ 131,490	\$ 2,746	\$ 3,061
Public safety	32,400,805	6,948,160	290,128	238,424
Public works	10,681,676	-	79,883	3,581,973
Community development	6,553,596	4,921,134	-	476,567
Culture and recreation	14,990,020	2,283,361	545,884	-
Interest on long-term debt	3,995,843	-	-	-
Total governmental activities	90,076,516	14,284,145	918,641	4,300,025
Business-type activities:				
Solid waste	3,818,643	3,851,806	-	-
Total business-type activities	3,818,643	3,851,806	-	-
Total primary government	\$ 93,895,159	\$ 18,135,951	\$ 918,641	\$ 4,300,025
Component unit:				
Development Authority	\$ 1,181,184	\$ 1,235,953	\$ -	\$ -
Total component unit	\$ 1,181,184	\$ 1,235,953	\$ -	\$ -

General revenues:

- Property taxes
- Sales taxes
- Franchise taxes
- Hotel/Motel occupancy taxes
- Business taxes
- Other taxes
- Unrestricted investment earnings
- 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
\$ (21,317,279)	\$ -	\$ (21,317,279)	\$ -
(24,924,093)	-	(24,924,093)	-
(7,019,820)	-	(7,019,820)	-
(1,155,895)	-	(1,155,895)	-
(12,160,775)	-	(12,160,775)	-
(3,995,843)	-	(3,995,843)	-
<u>(70,573,705)</u>	<u>-</u>	<u>(70,573,705)</u>	<u>-</u>
-	33,163	33,163	-
-	33,163	33,163	-
<u>(70,573,705)</u>	<u>33,163</u>	<u>(70,540,542)</u>	<u>-</u>
-	-	-	54,769
-	-	-	54,769
27,953,119	-	27,953,119	-
26,669,576	-	26,669,576	-
6,177,460	-	6,177,460	-
7,665,868	-	7,665,868	-
5,387,059	-	5,387,059	-
3,129,297	-	3,129,297	-
1,152,024	19,817	1,171,841	123
<u>78,134,403</u>	<u>19,817</u>	<u>78,154,220</u>	<u>123</u>
7,560,698	52,980	7,613,678	54,892
<u>248,626,203</u>	<u>1,133,212</u>	<u>249,759,415</u>	<u>(621,323)</u>
<u>\$ 256,186,901</u>	<u>\$ 1,186,192</u>	<u>\$ 257,373,093</u>	<u>\$ (566,431)</u>

CITY OF ALPHARETTA, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

ASSETS	General	Capital Project	T-SPLOST Capital Fund	2016 Bond Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 17,485,581	\$ 11,343,984	\$ 11,118,803	\$ -	\$ 6,653,130	\$ 46,601,498
Investments	8,061,486	5,156,361	57	-	2,822,071	16,039,975
Taxes receivable, net	2,191,590	-	947,387	-	812,203	3,951,180
Accounts receivable, net	87,664	-	-	-	667,598	755,262
Intergovernmental	-	412,194	-	-	474,508	886,702
Due from other funds	285,524	-	-	-	-	285,524
Restricted cash equivalents	-	-	-	39,615,186	374,722	39,989,908
Total assets	<u>\$ 28,111,845</u>	<u>\$ 16,912,539</u>	<u>\$ 12,066,247</u>	<u>\$ 39,615,186</u>	<u>\$ 11,804,232</u>	<u>\$ 108,510,049</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 2,104,508	\$ 1,758,010	\$ 272,432	\$ -	\$ 1,350,377	\$ 5,485,327
Contracts payable	-	-	-	1,128,925	-	1,128,925
Retainage payable	-	650,278	-	693,614	407,197	1,751,089
Accrued liabilities	1,170,633	-	-	-	409,492	1,580,125
Due to other funds	-	-	-	-	285,524	285,524
Total liabilities	<u>3,275,141</u>	<u>2,408,288</u>	<u>272,432</u>	<u>1,822,539</u>	<u>2,452,590</u>	<u>10,230,990</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	144,738	-	-	-	29,041	173,779
Unavailable revenue - other	54,883	362,805	-	-	421,732	839,420
Total deferred inflows of resources	<u>199,621</u>	<u>362,805</u>	<u>-</u>	<u>-</u>	<u>450,773</u>	<u>1,013,199</u>
FUND BALANCES						
Restricted for:						
Capital projects	-	390,982	11,793,815	37,792,647	3,118,910	53,096,354
Law enforcement	-	-	-	-	323,177	323,177
Emergency telephone activities	-	-	-	-	1,851,911	1,851,911
Tourism	-	-	-	-	1,770,515	1,770,515
Debt service	-	-	-	-	1,032,049	1,032,049
Assigned for:						
Grant projects	-	-	-	-	260,549	260,549
Capital projects	-	13,750,464	-	-	543,758	14,294,222
Fiscal year 2019 budget	6,100,065	-	-	-	-	6,100,065
Unassigned	18,537,018	-	-	-	-	18,537,018
Total fund balances	<u>24,637,083</u>	<u>14,141,446</u>	<u>11,793,815</u>	<u>37,792,647</u>	<u>8,900,869</u>	<u>97,265,860</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 28,111,845</u>	<u>\$ 16,912,539</u>	<u>\$ 12,066,247</u>	<u>\$ 39,615,186</u>	<u>\$ 11,804,232</u>	

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	293,592,536
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred inflows in the governmental funds.	1,013,199
Internal service funds are used by the City to charge costs to other funds. The assets and liabilities are included in the government activities.	1,422,196
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(125,741,303)
Prepaid items are costs applicable to future periods and, therefore, are not reported in governmental funds.	268,960
Net pension liability is not due and payable in the current period and is, therefore, not reported in governmental funds, along with deferred inflows/outflows to the Plan.	(11,850,608)
Net OPEB liability (asset) is not due and payable in the current period and is, therefore, not reported in governmental funds, along with deferred inflows/outflows to the Plan.	216,061

Net position of governmental activities \$ 256,186,901

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

CITY OF ALPHARETTA, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>General</u>	<u>Capital Project</u>	<u>T-SPLOST Capital Fund</u>	<u>2016 Bond Construction Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues						
Taxes:						
Property taxes	\$ 22,681,551	\$ -	\$ -	\$ -	\$ 5,239,144	\$ 27,920,695
Sales and use taxes	15,907,320	-	10,762,256	-	-	26,669,576
Other taxes	14,693,816	-	-	-	7,665,868	22,359,684
Licenses and permits	3,403,611	-	-	-	-	3,403,611
Charges for services	3,399,085	-	-	-	2,918,267	6,317,352
Impact fees	-	-	-	-	1,346,589	1,346,589
Fines and forfeitures	1,811,814	-	-	-	242,998	2,054,812
Intergovernmental	601,978	394,016	-	-	2,778,700	3,774,694
Contributions and donations	87,344	380,140	-	-	-	467,484
Investment earnings	227,600	170,487	82,907	578,798	92,232	1,152,024
Other revenues	161,461	2,746	-	3,061	-	167,268
Total revenues	<u>62,975,580</u>	<u>947,389</u>	<u>10,845,163</u>	<u>581,859</u>	<u>20,283,798</u>	<u>95,633,789</u>
Expenditures						
Current:						
General government	10,080,103	-	-	-	6,480,574	16,560,677
Public safety	25,582,695	-	-	-	6,261,247	31,843,942
Public works	7,671,881	-	890,416	-	1,377,473	9,939,770
Community development	2,793,574	-	-	-	3,745,951	6,539,525
Culture and recreation	8,614,661	-	-	10,223,120	2,265,014	21,102,795
Capital outlay	-	14,416,148	-	-	1,280,664	15,696,812
Debt service:						
Principal	851,215	-	-	-	2,876,609	3,727,824
Interest	196,743	-	-	-	3,503,733	3,700,476
Total expenditures	<u>55,790,872</u>	<u>14,416,148</u>	<u>890,416</u>	<u>10,223,120</u>	<u>27,791,265</u>	<u>109,111,821</u>
Excess (deficiency) of revenues over expenditures	<u>7,184,708</u>	<u>(13,468,759)</u>	<u>9,954,747</u>	<u>(9,641,261)</u>	<u>(7,507,467)</u>	<u>(13,478,032)</u>
Other financing sources (uses):						
Proceeds from sale of capital assets	139,686	-	-	-	14,366	154,052
Capital lease	-	-	-	-	504,024	504,024
Transfers in	2,874,701	12,747,363	-	-	1,275,000	16,897,064
Transfers out	(14,022,363)	-	-	-	(2,874,701)	(16,897,064)
Total other financing sources (uses)	<u>(11,007,976)</u>	<u>12,747,363</u>	<u>-</u>	<u>-</u>	<u>(1,081,311)</u>	<u>658,076</u>
Net change in fund balances	<u>(3,823,268)</u>	<u>(721,396)</u>	<u>9,954,747</u>	<u>(9,641,261)</u>	<u>(8,588,778)</u>	<u>(12,819,956)</u>
Fund balances, beginning of year	<u>28,460,351</u>	<u>14,862,842</u>	<u>1,839,068</u>	<u>47,433,908</u>	<u>17,489,647</u>	<u>110,085,816</u>
Fund balances, end of year	<u>\$ 24,637,083</u>	<u>\$ 14,141,446</u>	<u>\$ 11,793,815</u>	<u>\$ 37,792,647</u>	<u>\$ 8,900,869</u>	<u>\$ 97,265,860</u>

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

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, 2018

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

Net change in fund balances - total governmental funds	\$	(12,819,956)
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.		15,907,032
The net effect of various miscellaneous transactions involving capital assets (i.e. donations and sales) is to decrease net position.		1,572,573
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(209,596)
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.		3,173,101
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.		178,682
Prepaid items are costs applicable to future periods and, therefore, are not reported in the governmental funds.		47,431
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.		<u>(288,569)</u>
Change in net position - governmental activities	\$	<u><u>7,560,698</u></u>

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

CITY OF ALPHARETTA, GEORGIA

**STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2018**

	Business-type Activities - Enterprise Fund	Governmental Activities
ASSETS	Solid Waste Fund	Internal Service Funds
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,897,256	\$ 2,368,439
Investments	893,174	980,183
Accounts receivable, net of allowance for uncollectibles	187,096	-
Total assets	<u>2,977,526</u>	<u>3,348,622</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	665,161	27,995
Accrued salaries	1,586	-
Unearned revenue	1,123,911	-
Compensated absences payable	676	-
Claims payable, due within one year	-	1,164,197
Total current liabilities	<u>1,791,334</u>	<u>1,192,192</u>
NONCURRENT LIABILITIES		
Claims payable, due in more than one year	-	734,234
Total noncurrent liabilities	<u>-</u>	<u>734,234</u>
Total liabilities	<u>1,791,334</u>	<u>1,926,426</u>
NET POSITION		
Unrestricted	1,186,192	1,422,196
Total net position	<u>\$ 1,186,192</u>	<u>\$ 1,422,196</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, 2018

	Business-type Activities - Enterprise Fund	Governmental Activities
	Solid Waste Fund	Internal Service Funds
OPERATING REVENUES		
Charges for services:		
Refuse collection charges	\$ 3,826,476	\$ -
Charges for service	-	8,334,721
Miscellaneous revenue	25,330	56,175
Total operating revenues	3,851,806	8,390,896
OPERATING EXPENSES		
Administration	3,818,643	171,564
Claims and judgements	-	5,925,257
Premiums	-	2,124,759
Total operating expenses	3,818,643	8,221,580
Operating income	33,163	169,316
NON-OPERATING REVENUES		
Investment earnings	19,817	9,366
Total non-operating revenues	19,817	9,366
Change in net position	52,980	178,682
NET POSITION, beginning of year	1,133,212	1,243,514
NET POSITION, end of year	\$ 1,186,192	\$ 1,422,196

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, 2018

	Business-type Activities - Enterprise Fund	Governmental Activities
	Solid Waste Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 3,958,057	\$ 8,402,937
Payments to vendors/suppliers	(3,356,216)	(2,128,109)
Payments on claims	-	(6,037,732)
Payments to employees	(71,343)	-
Net cash provided by operating activities	530,498	237,096
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(267,455)	(193,641)
Interest and dividends received	19,817	9,366
Net cash used in investing activities	(247,638)	(184,275)
Increase in cash and cash equivalents	282,860	52,821
Cash and cash equivalents, beginning of year	1,614,396	2,315,618
Cash and cash equivalents, end of year	\$ 1,897,256	\$ 2,368,439
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 33,163	\$ 169,316
Adjustments to reconcile operating income to net cash provided by operating activities:		
Increase in accounts receivable	(40,310)	-
Decrease in due from other funds	-	12,041
Increase (decrease) in accounts payable	391,085	(3,350)
Increase in other accrued liabilities	146,597	-
Decrease in compensated absence	(37)	-
Increase in claims payable	-	59,089
Net cash provided by operating activities	\$ 530,498	\$ 237,096

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

CITY OF ALPHARETTA, GEORGIA

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS JUNE 30, 2018

ASSETS	Fiduciary Funds
Cash	\$ 1,224,157
Accounts receivable	1,184,352
Investments:	
Money Market Funds	7,227,104
U.S. Treasuries	7,012,420
U.S. Government Agencies	605,362
Corporate and Foreign Agencies	18,983,908
Common Equity Securities	98,829,766
Equity Mutual Funds	1,068,774
Exchange Traded Funds	6,069,246
	<hr/>
Total assets	142,205,089
	<hr/>
LIABILITIES	
Accounts payable	397,974
	<hr/>
Total liabilities	397,974
	<hr/>
NET POSITION	
Net position restricted for retiree benefits	\$ 141,807,115
	<hr/> <hr/>

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

CITY OF ALPHARETTA, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Fiduciary Funds
ADDITIONS	
Contributions:	
Employee contributions	\$ 677,088
Employer contributions	5,335,206
Total contributions	<u>6,012,294</u>
Investment income:	
Net appreciation of fair value of investments	7,495,670
Interest and dividends	2,802,659
Less investment expense	<u>(786,184)</u>
Net investment income	<u>9,512,145</u>
Total additions	<u>15,524,439</u>
DEDUCTIONS	
Benefit payments	3,993,920
Administrative expenses	<u>175,884</u>
Total deductions	<u>4,169,804</u>
Change in net position	11,354,635
NET POSITION RESTRICTED FOR RETIREE BENEFITS	
Beginning of year	<u>130,452,480</u>
End of year	<u>\$ 141,807,115</u>

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

CITY OF ALPHARETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

I. Summary of significant accounting policies

A. Reporting entity

The City of Alpharetta (the “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 City and its component unit, an entity for which the City 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 City’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 City, and is legally separate from the City; however, the City appoints all of the Authority’s Board members and the City is obligated to fund a portion of the debt of the Authority through intergovernmental agreements. The City 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 City 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 City.

The City reports the following major governmental funds:

The **General Fund** is the City'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 **Transportation Special Purpose Local Option Sales Tax (T-SPLOST) Fund** is used to account for the proceeds of the transportation special purpose local option sales tax for the various improvement projects as approved by voter referendum.

The **2016 Bond Construction Fund** is used to account for the 2016 General Obligation Bond proceeds for the acquisition and construction of parks, greenways, and the acquisition and construction of roads, streets, and bridges.

The City 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 funds** account for the capital projects expenditures as they relate to proceeds from Conference Center construction bonds, capital grants, and transfers from other funds of the City.

The **Internal Service funds** 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 funds to account for risk management and medical insurance.

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 City at rates determined by actuarial computations as well as by employees for one of the plans.

NOTES TO FINANCIAL STATEMENTS

I. Summary of significant accounting policies (Continued)

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

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.

In accounting and reporting for its proprietary operations, the City 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 City'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 City'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 City'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 City 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.

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)

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

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

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

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

Property taxes are levied 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 City 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.

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)

4. Restricted assets

Proceeds of the 2016 Conference Center Revenue Bond Issues and the 2016 Series Bond Construction 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 City as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

The City 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 City 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 City values these capital assets at the estimated acquisition value of the item at the date of its donation.

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

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

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

NOTES TO FINANCIAL STATEMENTS

I. Summary of significant accounting policies (Continued)

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

6. *Deferred outflows/inflows of resources*

In addition to liabilities, the financial statements 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 one item that qualifies for reporting in this category. The item 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.

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.

The City has deferred inflows and outflows related to the recording of changes in its net pension and net OPEB liability (asset). Certain changes in the net pension and net OPEB liability (asset) are recognized as plan 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 and net OPEB liability (asset) 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 or deferred inflows of resources and are amortized into plan expense over the expected remaining service lives of Plan members. Changes in actuarial assumptions which adjust the net pension liability and the net OPEB liability (asset) are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into plan expense over the expected remaining service lives of Plan members. The difference between projected investment return on plan investments and actual return on those investments is also deferred and amortized against plan expense over a five year period.

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)

7. *Compensated absences*

It is the City'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.

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. *OPEB*

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

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)

11. 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 ended June 30, 2018.

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.

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

NOTES TO FINANCIAL STATEMENTS

I. Summary of significant accounting policies (Continued)

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

11. Fund equity (Continued)

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

Net 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.

12. 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 are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$125,741,303 difference are as follows:

Bonds payable	\$ (89,095,000)
Plus: Issuance premium	(1,993,614)
Deferred charge on refunding	1,050,041
Capital lease payable	(4,465,216)
Notes payable	(28,232,100)
Accrued interest payable	(656,837)
Compensated absences	<u>(2,348,577)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (125,741,303)</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 \$11,850,608 difference are as follows:

Net pension liability	\$ (12,056,664)
Deferred outflows of resources:	
Difference between expected and actual experience	1,406,210
Assumption changes in plan	365,940
Net difference between projected and actual investment earnings - pensions	919,438
Deferred inflow of resources:	
Difference between expected and actual experience	(685,297)
Assumption changes in plan	<u>(1,800,235)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (11,850,608)</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 \$15,907,032 difference are as follows:

Capital outlay	\$ 25,204,327
Depreciation expense	<u>(9,297,295)</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>\$ 15,907,032</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 \$1,572,573 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.	\$ (401,271)
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>1,973,844</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>\$ 1,572,573</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 \$288,569 difference are as follows:

Compensated absences	\$	(168,236)
Accrued interest		(244,668)
OPEB expense		21,263
Pension expense		<u>103,072</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>(288,569)</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 \$3,173,101 difference are as follows:

Principal repayments:		
General obligation bonds	\$	2,640,000
Capital lease		797,324
Note payable		290,500
Initiation of capital lease		(504,024)
Amortization of deferred charges on refunding		(131,255)
Amortization of bond premium		<u>80,556</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>3,173,101</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 fund, which adopts a project-length budget. All annual appropriations lapse at fiscal year-end.

The appropriated budget is prepared by fund, department, and function. The City'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 fund's departments had excesses of actual expenditures over appropriations for the fiscal year ended June 30, 2018:

General Fund department:

Legal	\$	60,172
Debt service- Interest		1,488

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

In accordance with the City'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 City 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.

As of June 30, 2018, the City of Alpharetta had the following investments:

<u>Investment</u>	<u>Standards & Poor Rating</u>	<u>Weighted Average Maturity</u>	<u>Fair Value</u>
Georgia Fund 1	AAAf	10 days	\$ 80,905,268
U.S. Treasury	AA+	1.489 years	16,428,953
U.S. Government Agency	AA+	0.954 years	239,605
Mortgage Backed Securities	AAA+	1.079 years	799,014
Fidelity Money Market Account	AAA	0 days	445,760
		Total	<u>\$ 98,818,600</u>

Georgia Fund 1 is reported as cash equivalents as of June 30, 2018.

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

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

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2018:

Investment	Level 1	Level 2	Level 3	Fair Value
Fidelity Treasury money market				
Mutual fund	\$ 455,760	\$ -	\$ -	\$ 455,760
U.S. Treasuries	16,428,953	-	-	16,428,953
Mortgage backed securities	-	799,014	-	799,014
U.S. government agencies	-	239,605	-	239,605
Total investments by fair value level	<u>\$ 16,884,713</u>	<u>\$ 1,038,619</u>	<u>\$ -</u>	<u>\$ 17,923,332</u>

The Fidelity Treasury Money Market Mutual Fund and the United States Treasuries are classified in Level 1 and Level 2, respectively, of the fair value hierarchy are valued using prices quoted in active markets for those investments. The investment in the Mortgage Backed Securities and U.S. Government Agencies classified as Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the City does not disclose investment in the Georgia Fund 1 within the fair value hierarchy.

Through the structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, the City 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 City'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 City'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 City's concentration of investments into any single issuer is managed by expanding the exposure of the investment portfolio to multiple issuers.

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

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

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 AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The pool also adjusts the value of its investments to fair market value as of year-end and the City's investment in the Georgia Fund 1 is reported at fair value. The City considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

Custodial credit risk. Custodial credit risk associated with uninsured deposits, uninsured securities, or securities not registered in the City's name, is managed in accordance with the City'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, 2018 were collateralized as defined by State statutes.

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.

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 30%, with an acceptable range of 25% to 40%; Domestic Equities at 50%, with an acceptable range of 36% to 63%, International Equities targeted at 15%, with an acceptable range of 7.5% to 22.5%; and Alternatives targeted at 5%, with an acceptable range of 0% to 5%.

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, 2018, the Pension Plan Trust Fund had \$69,898,290 invested in the following types of investments:

Investment	Fair Value	Rating
Money Market Funds	\$ 3,613,552	N/A
U.S. Treasuries	109,716	AAA
U.S. Treasuries	3,396,494	N/A
U.S. Government Agencies	238,746	AA+
U.S. Government Agencies	63,935	N/A
Corporate and Foreign Agencies	1,907,605	A- to AA-
Corporate and Foreign Agencies	2,212,566	A to AAA
Corporate and Foreign Agencies	2,414,735	N/A
Corporate and Foreign Agencies	405,184	A+
Corporate and Foreign Agencies	2,164,464	BBB to BBB+
Corporate and Foreign Agencies	387,400	BBB-
Common Equity Securities	49,414,883	N/A
Equity Mutual Funds	534,387	N/A
Exchanged Traded Funds	3,034,623	N/A
Total	<u>\$ 69,898,290</u>	

N/A - these fund types are not rated.

Investment	Fair Value	Weighted Average Maturity
Money Market Funds	\$ 3,613,552	-
U.S. Treasuries	3,506,210	0.445
U.S. Government Agencies	302,681	0.182
Corporate and Foreign Agencies	9,491,954	2.642
Common Equity Securities	49,414,883	-
Equity Mutual Funds	534,387	-
Exchanged Traded Funds	3,034,623	-
Total	<u>\$ 69,898,290</u>	

Securities and exchanged traded funds do not have a weighted average maturity.

Credit risk: It is the Plan's policy to invest in the asset classes identified above by using open-ended mutual funds, exchange traded funds, or separately managed accounts. Domestic bonds are limited to those with ratings that meet or exceed investment grade as defined by Moody's, S&P, or Fitch. U.S. Government Treasuries and Agency bonds are not classified by credit quality. Mutual funds invested in equities are also not classified by credit quality.

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

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

Pension Plan Trust Fund (Continued)

Concentration: On June 30, 2018, 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.

Fair Value Measurements. The Plan has the following recurring fair value measurements, broken into the fair value hierarchy, as of June 30, 2018:

Investment	Level 1	Level 2	Level 3	Fair Value
Investments by Fair Value Level				
Debt Securities:				
Bonds	\$ -	\$ 302,681	\$ -	\$ 302,681
Total debt securities	-	302,681	-	302,681
U.S. equities		3,506,210	-	3,506,210
Money market funds	3,613,552	-	-	3,613,552
Equity mutual funds	534,387	-	-	534,387
Common equity securities	49,414,883	-	-	49,414,883
Exchanged traded funds	3,034,623	-	-	3,034,623
Corporate and foreign equities	-	9,491,954	-	9,491,954
Total investments by fair value level	<u>\$ 56,597,445</u>	<u>\$ 13,300,845</u>	<u>\$ -</u>	<u>\$ 69,898,290</u>

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Alternative and equity investments classified in Level 3 are valued using discounted cash flow techniques.

Rate of Return: For the fiscal year ended June 30, 2018, the annual money-weighted rate of return on Pension Trust Fund investments, net of investment expenses, was 7.16%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

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

OPEB Trust Fund

The OPEB 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 OPEB 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 OPEB Trust Fund may also invest in mutual funds, commingled funds, collective investment funds, common trusts, and group trusts as allowed by Georgia law. As of June 30, 2018, all of the OPEB deposits are held in the local government investment pool, "Georgia Fund 1".

B. Receivables

Receivables as of fiscal year-end for the City'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 Project</u>	<u>T-SPLOST</u>	<u>Solid Waste</u>	<u>Nonmajor Governmental</u>
Receivables:					
Taxes	\$ 2,490,914	\$ -	\$ 947,387	\$ -	\$ 908,650
Accounts	238,897	-	-	252,077	667,598
Intergovernmental	-	412,194	-	-	474,508
Gross receivables	<u>2,729,811</u>	<u>412,194</u>	<u>947,387</u>	<u>252,077</u>	<u>2,050,756</u>
Less allowance for uncollectibles	(450,557)	-	-	(64,981)	(96,447)
Net total receivables	<u>\$ 2,279,254</u>	<u>\$ 412,194</u>	<u>\$ 947,387</u>	<u>\$ 187,096</u>	<u>\$ 1,954,309</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, 2018, \$1,123,911 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.

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

C. Capital assets

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land and permanent improvements	\$ 85,052,463	\$ 2,407,806	\$ (76,014)	\$ -	\$ 87,384,255
Construction in progress	22,653,853	14,531,676	(28,895)	(20,553,578)	16,603,056
Total assets, not being depreciated	<u>107,706,316</u>	<u>16,939,482</u>	<u>(104,909)</u>	<u>(20,553,578)</u>	<u>103,987,311</u>
Capital assets, being depreciated:					
Buildings	60,081,576	5,789,928	-	342,292	66,213,796
Improvements other than buildings	37,879,907	144,820	(486,417)	1,188,478	38,726,788
Machinery and equipment	22,414,939	2,141,933	(2,252,680)	2,330,525	24,634,717
Infrastructure	180,177,339	2,162,008	-	16,692,283	199,031,630
Total assets, being depreciated	<u>300,553,761</u>	<u>10,238,689</u>	<u>(2,739,097)</u>	<u>20,553,578</u>	<u>328,606,931</u>
Less accumulated depreciation for:					
Buildings	(17,118,776)	(1,559,844)	-	-	(18,678,620)
Improvements other than buildings	(21,929,915)	(1,053,661)	302,660	-	(22,680,916)
Machinery and equipment	(14,204,530)	(2,125,174)	2,140,075	-	(14,189,629)
Infrastructure	(78,893,925)	(4,558,616)	-	-	(83,452,541)
Total accumulated depreciation	<u>(132,147,146)</u>	<u>(9,297,295)</u>	<u>2,442,735</u>	<u>-</u>	<u>(139,001,706)</u>
Total assets, being depreciated, net	<u>168,406,615</u>	<u>941,394</u>	<u>(296,362)</u>	<u>20,553,578</u>	<u>189,605,225</u>
Governmental activities capital assets, net	<u>\$ 276,112,931</u>	<u>\$ 17,880,876</u>	<u>\$ (401,271)</u>	<u>\$ -</u>	<u>\$ 293,592,536</u>

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

Governmental activities:	
General government	\$ 4,866,426
Public safety	1,606,391
Public works	1,636,508
Community development	64,172
Culture and recreation	<u>1,123,798</u>
Total depreciation expense - governmental activities	<u>\$ 9,297,295</u>

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

C. Capital assets (Continued)

Construction commitments

The City has active construction projects as of June 30, 2018. 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 City's commitments with contractors include:

<u>Project</u>	<u>Spent- to-Date</u>	<u>Remaining Commitment</u>
Park, recreation, and art improvements	\$ 9,448,744	\$ 643,107
Sidewalk and pedestrian projects	3,551,731	1,006,732
Street and transportation improvements	24,687,959	16,439,314
Public safety facilities	337,411	535,948
Machinery, equipment, and technology	3,072,532	229,199
Economic development	1,816,654	5,897,094
General administrative facilities	167,684	77,967
Total	<u>\$ 43,082,715</u>	<u>\$ 24,829,361</u>

The projects above are being financed primarily through the Capital Projects Fund, the 2016 Bond Construction Fund, the TSPLOST Fund, and using funding borrowed from the Development Authority. Expenditures have also been incurred in the E911 fund primarily for administrative facilities.

D. Interfund receivables, payables, and transfers

The composition of due to/from other fund balances as of June 30, 2018, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	<u>\$ 285,524</u>

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

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

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

Interfund transfers for the fiscal year ended June 30, 2018:

<u>Transfer in</u>	<u>Transfer out</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 2,874,701
Capital Projects Fund	General Fund	12,747,363
Nonmajor governmental funds	General Fund	1,275,000
		<u>\$ 16,897,064</u>

Transfers are used to 1) move unrestricted general fund revenues to finance various programs that the City 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.

E. Long-term debt

General Obligation Bonds

The City 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, 2018 is \$97,550,000.

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 \$1,181,296. 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. The bonds were called and paid in full in November 2016 and there are no outstanding balances at June 30, 2018.

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

E. Long-term debt (Continued)

General Obligation Bonds (Continued)

In 2016, the City issued \$50,855,000 of general obligation bonds for the purpose of (i) financing the acquisition and construction of improvements, expansions and extension to roads, streets, and bridges (the "Transportation Projects"), (ii) financing the acquisition, construction, and renovations for parks, recreation and cultural facilities, sidewalks and greenways, and (iii) paying all or a portion of the costs of issuance. The 2016 Series were issued with interest rates of 2.00% - 5.00% and a maturity of November 1, 2014. The bonds are payable on May 1 and November 1.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. 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>
City center project	May 2032	2.0 - 3.75%	\$ 25,210,000
Partial Refunding of Series 2006 Bonds	May 2026	2.34%	13,830,000
Road and parks and recreation improvements	May 2041	2.0 - 5.0%	50,055,000
			<u>\$ 89,095,000</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>
2019	\$ 2,710,000	\$ 2,633,360
2020	2,785,000	2,561,085
2021	2,855,000	2,476,992
2022	2,930,000	2,405,081
2023	3,015,000	2,331,267
2024-2028	16,600,000	10,415,942
2029-2033	20,145,000	7,742,150
2034-2038	23,700,000	4,327,350
2039-2041	14,355,000	868,350
Total	<u>\$ 89,095,000</u>	<u>\$ 35,761,577</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. However, at a minimum, the City is obligated to pay 16.5% of the total principal and interest payments on the bonds; and, 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 \$1,713. 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)

Development Authority of Alpharetta Revenue Bonds (Continued)

During fiscal year 2016, the Development Authority of Alpharetta issued \$24,720,000 of revenue bonds to finance the construction of a conference center. The 2016 series were issued with interest rates from 2% to 5.0% and a maturity date of May 1, 2041. The bonds are payable on May 1 and November 1, serially to fiscal year 2041.

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.

The annual requirements to amortize the Development Authority's revenue bonds outstanding as of June 30, 2018 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 1,120,000	\$ 905,053
2020	390,000	877,153
2021	735,000	867,453
2022	795,000	834,603
2023	855,000	798,853
2024-2028	5,305,000	3,380,838
2029-2033	6,910,000	2,532,345
2034-2038	7,340,000	1,493,850
2039-2041	5,400,000	329,400
Total	<u>\$ 28,850,000</u>	<u>\$ 12,019,548</u>

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

E. Long-term debt (Continued)

Notes Payable

The annual requirements to amortize the note payable to the Development Authority for the City's share of the 2009 series (16.5%), 2013 series (100%), and 2016 series (100%) revenue bonds as of June 30, 2018 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 502,100	\$ 889,605
2020	390,000	877,153
2021	735,000	867,452
2022	795,000	834,603
2023	855,000	798,853
2024-2028	5,305,000	3,380,838
2029-2033	6,910,000	2,532,345
2034-2038	7,340,000	1,493,850
2039-2041	5,400,000	329,400
Total	<u>\$ 28,232,100</u>	<u>\$ 12,004,099</u>

Capital Leases

In 2013, the City entered into a lease agreement as lessee for financing the acquisition of new public works software, two fire trucks, 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.

In 2016, the City entered into two new lease arrangements for financing the acquisition of a new fire truck and police Tasers. 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. The lease arrangements bear interest of 1.32% and 2.43%. The lease term for the fire truck is to be paid over 10 years and the Tasers mature in 2023.

In 2017, the City entered into four new lease arrangements for financing the acquisition of three new fire trucks and heart-rate monitors. 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. The lease arrangements bear interest of 2.08% - 2.93% for the firetrucks and 1.77% for the heart-rate monitors.

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

E. Long-term debt (Continued)

Capital Leases (Continued)

The lease term for the three fire trucks matures in November 2025, November 2026, and November 2029. The lease term for the heart-rate monitors matures in November 2020.

In 2018, the City entered into a lease arrangement for financing the acquisition of mobile radios for public safety employees. 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. The lease arrangement bears interest of 2.73%. The lease term for the radios matures in November 2023.

As of June 30, 2018, the City had \$6,982,641 of machinery and equipment under capital leases with accumulated depreciation of \$2,175,314. The amortization expense of \$617,272 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
2019	\$ 782,260
2020	706,193
2021	658,142
2022	520,357
2023	472,517
2024-2028	1,549,715
2029-2030	210,214
Total minimum lease payments	4,899,398
Less amount representing interest	434,182
Present value of future minimum lease payments	<u>\$ 4,465,216</u>

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

D. Long-term debt (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 91,735,000	\$ -	\$ (2,640,000)	\$ 89,095,000	\$ 2,710,000
Plus issuance premium	2,074,170	-	(80,556)	1,993,614	-
Net bonds payable	<u>93,809,170</u>	<u>-</u>	<u>(2,720,556)</u>	<u>91,088,614</u>	<u>2,710,000</u>
Notes payable	28,522,600	-	(290,500)	28,232,100	502,100
Capital lease payable	4,758,516	504,024	(797,324)	4,465,216	692,268
Net pension liability	11,507,687	8,172,458	(7,623,481)	12,056,664	-
Claims and judgments	1,839,342	5,925,257	(5,866,168)	1,898,431	1,164,197
Compensated absences	2,180,341	4,306,123	(4,137,887)	2,348,577	2,019,777
Governmental activity Long-term liabilities	<u>\$ 142,617,656</u>	<u>\$ 18,907,862</u>	<u>\$ (21,435,916)</u>	<u>\$ 140,089,602</u>	<u>\$ 7,088,342</u>
	<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	\$ 713	\$ 3,341	\$ (3,378)	\$ 676	\$ 676
Business-type activity Long-term liabilities	<u>\$ 713</u>	<u>\$ 3,341</u>	<u>\$ (3,378)</u>	<u>\$ 676</u>	<u>\$ 676</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 and the Health Insurance 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, 2018, 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	\$ 29,725,000	\$ -	\$ (875,000)	\$ 28,850,000	\$ 1,120,000
Plus issuance premium	1,156,496	-	(110,090)	1,046,406	-
Revenue bonds payable, net	<u>\$ 30,881,496</u>	<u>\$ -</u>	<u>\$ (985,090)</u>	<u>\$ 29,896,406</u>	<u>\$ 1,120,000</u>

NOTES TO FINANCIAL STATEMENTS

V. Other information

A. Risk management

The City 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 City carries commercial insurance. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years. The City previously established a limited risk management program for workers' compensation.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage award. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Workers' compensation claims exceeding \$300,000 per incident and \$1,000,000 in the aggregate are also insured through a private insurance carrier, whereas liability claims below this threshold are paid directly by the City. It is the City's intention to maintain an equity balance equivalent to cover the unpaid claims.

Changes in the balances of risk management claims liabilities during the past two fiscal years are as follows:

	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017
Unpaid claims, beginning of fiscal year	\$ 1,027,168	\$ 608,595
Claims incurred	668,204	985,195
Claims paid	(753,069)	(566,622)
Unpaid claims, end of fiscal year	<u>\$ 942,303</u>	<u>\$ 1,027,168</u>

NOTES TO FINANCIAL STATEMENTS

V. Other information (continued)

A. Risk management (continued)

Effective July 1, 2015, the City elected to change their medical insurance policy to a Shared Returns – Minimum Premium policy. Under the policy, the City is responsible for making minimum premium payments set to cover the costs for the plan administration, commissions, and insurance protection. Additionally, the City is responsible for any claims which are filed each month up to a certain maximum or cap based on the specific plan terms. The monthly cap varies each month based on number of covered employees and the selected coverage. The plan is administered by Cigna and the claims are paid through an imprest bank account which is funded by the City. The changes in the medical claims liability is as follows:

	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017
Unpaid claims, beginning of fiscal year	\$ 812,174	\$ 956,319
Claims incurred	5,257,053	4,009,373
Claims paid	(5,113,099)	(4,153,518)
Unpaid claims, end of fiscal year	<u>\$ 956,128</u>	<u>\$ 812,174</u>

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

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 City expects such amounts, if any, to be immaterial.

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

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 City 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 City's taxing authority. The City 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 City incorporated to promote tourism within the City of Alpharetta. The Mayor and Council appoint four of the ten directors to this entity. The City 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
178 S. Main Street
Suite 200
Alpharetta, Georgia 30009
(678) 297-2811

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

D. Joint venture

Under Georgia law, the City, 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.

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, 2018, the City of Alpharetta contributed \$397,201 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.

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NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

E. Retirement plans

1. *Defined Benefit Pension Plan – Combined Plan*

Plan Administration. The City of Alpharetta maintains a single-employer defined benefit pension plan, comprised of 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 whereby the Plan assets are accumulated in aggregate and may legally be used to pay any benefits to any of the combined Plan members or beneficiaries. 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.

The Combined Plan covers all full-time City employees, City 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, 2018, the date of the most recent actuarial valuation, there were 546 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	136
Vested terminated employees not yet receiving benefits	151
Active employees	<u>259</u>
Total	<u><u>546</u></u>

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

E. Retirement plans (Continued)

1. *Defined Benefit Pension Plan – Combined Plan (Continued)*

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.

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 2018, employees contributed \$338,544 to the Enhanced Plan. The City is required to contribute at an actuarially determined rate: the contribution rate for 2018 was 12.71% of payroll for the Combined Plan. The annual required contributions for the current fiscal year were determined as part of the January 1, 2018 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 2.10% - 4.20% per year, adjusted for employee age, which includes 1.0% due to merit and 2.5% for inflation.

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

E. Retirement plans (Continued)

1. Defined Benefit Pension Plan – Combined Plan (Continued)

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2018 with update procedures performed by the actuary to roll forward to the total pension liability measured as of June 30, 2018. The following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.5%
Salary increases, including inflation	4.20% - under 30 years old 3.90% - ages 30-34 3.50% - ages 35-59 2.60% - ages 60-64 2.10% - ages 65+
Investment rate of return	7.5%, including inflation, net of investment expense

Mortality rates were based upon the RP-2000 Combined Mortality Table with 17 Years Projection using scale BB. No mortality improvement is included prior to or following the measurement date.

The actuarial assumptions used in the January 1, 2018 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.

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, 2018 are: Equities – 8.25%, International Equities – 9%, Fixed Income – 3.9%, and Alternatives – 7.5%.

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.

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

E. Retirement plans (Continued)

1. Defined Benefit Pension Plan – Combined 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, 2018, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/17	\$ 76,168,801	\$ 64,661,114	\$ 11,507,687
Changes for the fiscal year:			
Service cost	1,505,980	-	1,505,980
Interest	5,740,858	-	5,740,858
Differences between expected and actual experience	726,104	-	726,104
Assumption Changes	199,517	-	199,517
Contributions—employer	-	2,625,003	(2,625,003)
Contributions—employee	-	338,544	(338,544)
Net investment income	-	4,747,877	(4,747,877)
Benefit payments, including refunds of employee contributions	(1,993,117)	(1,993,117)	-
Administrative expense	-	(87,942)	87,942
Net changes	<u>6,179,342</u>	<u>5,630,365</u>	<u>548,977</u>
Balances at 6/30/18	<u>\$ 82,348,143</u>	<u>\$ 70,291,479</u>	<u>\$ 12,056,664</u>

The Plan's fiduciary net position as a percentage of the total pension liability 85.4%

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%)
\$ 24,510,918	\$ 12,506,664	\$ 1,733,850

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

E. Retirement plans (Continued)

1. Defined Benefit Pension Plan – Combined Plan (Continued)

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

For the fiscal year ended June 30, 2018, the City recognized pension expense of \$2,521,931. At June 30, 2018, 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	\$ 1,406,210	\$ 685,297
Changes in assumptions	365,940	1,800,235
Net difference between projected and actual earnings on pension plan investments	919,438	-
Total	\$ 2,691,588	\$ 2,485,532

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

Fiscal Year Ending June 30:			
2019	\$	475,338	
2020		88,689	
2021		(516,492)	
2022		158,521	
	\$	206,056	

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

E. Retirement plans (Continued)

2. Defined Benefit Plan – Peace Officers’ Annuity and Benefit Fund of Georgia

Plan description. The Peace Officers’ Annuity and Benefit Fund of Georgia is a cost-sharing multiple-employer defined benefit pension plan established in 1950 by the General Assembly of Georgia for the purpose of paying retirements benefits to the peace officers of the State of Georgia.. The Board of Commissioners of the Peace Officers’ fund is comprised of six members and consists of the Governor or his designee and three active or retired peace officers appointed by the Governor in accordance with O.C.G.A 47-17-20.

Individuals eligible to apply for membership in the Peach Officers’ fund are defined in O.C.G.A 47-17-1 and generally include: any individual employed by the State of Georgia or any municipality, county, or other political subdivision thereof for the preservation of public order, the protection of life and property or the detection of crime; wardens, and correction officers of correctional institutions; full-time parole officers; other individuals employed full-time for the purpose of law enforcement; and full-time employees of the Peace Officers’ fund.

Benefits provided. The Peace Officers’ fund provides retirement as well as disability and death benefits. Title 47 of the O.C.G.A. assigns the authority to establish and amend the provisions of the Peace Officers’ fund to the State Assembly. A member is eligible to receive retirement benefits with 30 years of service, regardless of age. A member is also eligible to receive retirement benefits at age 55 with 10 years of service; however, members joining on or after July 1, 2010, must have 15 years of service to be eligible for benefits. A member must have terminated his or her active employment as a peace officer to receive benefits.

The monthly benefit is a single life annuity payable in monthly payments for the life of the member only. The monthly payment amount at June 30, 2018 was \$24.78 per month (plus 1/12 of this amount of each month of any partial year) for each full year of creditable service up to a maximum of 30 years of total service. The Board of Commissions is authorized to provide for increases effective as of January 1 and July 1 of each year up to 1.5% of the maximum monthly retirement benefit then in effect. Members may elect, as an alternate to the benefit described above, to receive a 100% joint life annuity payable during the life of the member or the member’s spouse, or a contingency life annuity with a 50% monthly payment to the surviving spouse. The amount of the benefit for these options is the actuarially reduced portion of the single life annuity benefit described above.

At any time before a member begins drawing retirement benefits, the member may request a refund of 95% of all member contributions paid into the Peace Officers’ fund during creditable service. No interest is paid on these withdrawals.

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

E. Retirement plans (Continued)

2. *Defined Benefit Plan – Peace Officers’ Annuity and Benefit Fund of Georgia (Continued)*

Contributions. The Peace Officers’ fund is funded by member and nonemployer contributing entity (Nonemployer) contributions. Contribution provisions are established by statute and may be amended only by the General Assembly of Georgia. A description of contribution requirements is as follows:

Member contributions: Member contribution requirements are set forth in O.C.G.A 47-17-44 and are not actuarially determined. Each member must contribute \$20 per month, to be paid no later than the tenth day of each month.

Nonemployer contributions: Pursuant to O.C.G.A 47-14-60, the State makes contributions to the Peace Officers’ fund on behalf of non-State employers through the collection of court fines and forfeitures.

The fines and forfeitures are considered employer contributions for the purpose of determining whether the Peace Officers’ fund has met minimum funding requirements specified in O.C.G.A. 47-20-10. This statute also prohibits any action to grant a benefit increase until such time as the minimum annual contribution requirements meet or exceed legislative requirements.

Administrative expenses are generally funded from current member and court fine and forfeiture contributions. Investment earnings may be utilized to fund any expenses in excess of contributions.

Pension liabilities and pension expense. At June 30, 2018 the City did not have a liability for a proportionate share of the net pension liability because of the State of Georgia’s support. The amount of the State’s proportionate share of the net pension liability associated with the City is as follows:

State of Georgia's proportionate share of the Net Pension Liability (Asset) associated with the City	<u>\$ (49,083)</u>
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The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2017. An expected total pension liability as of June 30, 2018 was determined using standard roll-forward techniques. The State’s proportion of the net pension liability associated with the City was based on actuarially determined contributions paid by the State during the fiscal year ended June 30, 2018.

For the year ended June 30, 2018, the City recognized pension expense of \$38,994 and revenue of \$38,994 for support provided by the State of Georgia.

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

E. Retirement plans (Continued)

2. *Defined Benefit Plan – Peace Officers’ Annuity and Benefit Fund of Georgia (Continued)*

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increase	N/A
Investment rate of return	6.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP 2014 Healthy Mortality Table with blue collar adjustment projected with the Conduent modified MP 2016 projection scale for healthy lives in the RP 2014. Disabled Retiree Mortality Table projected with the Conduent modified MP 2016 projection scale for disabled lives.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period June 30, 2008 – June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis 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. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income - domestic	20.00%	2.70%
Fixed income - international	5.00%	4.00
Domestic large stocks	35.00	7.50
Domestic mid stocks	8.00	8.40
Domestic small stocks	7.00	8.60
Global equities	10.00	8.20
International equity fund	10.00	8.80
Commodities	5.00	6.40
Total	100.00%	

* Rates shown are net of the 2.50% assumed rate of inflation

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

E. Retirement plans (Continued)

2. *Defined Benefit Plan – Peace Officers’ Annuity and Benefit Fund of Georgia (Continued)*

Discount rate. The discount rate used to measure the total pension liability was 6.50%. 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 employer and nonemployer 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.

3. *Defined Benefit Plan – Georgia Firefighters’ Pension Fund*

Plan description. The Georgia Firefighters’ Pension fund is a cost-sharing multiple-employer defined benefit pension plan established in 1955 by the General Assembly of Georgia for the purpose of paying retirements benefits to the firefighters of the State of Georgia. The Board of Trustee of the Georgia Firefighters’ Pension fund is comprised of five members and consists of the Governor or his designee, the Commissioner of Insurance or their designee, two active members of the Georgia Firefighters’ Pension fund appointed by the Governor and one retired beneficiary of the Georgia Firefighters’ Pension fund appointed by the Governor. Any person employed as a firefighter or enrolled as a volunteer firefighter within the State of Georgia or any regular employee of the Georgia Firefighters’ Pension fund is eligible for membership.

Benefits provided. The Georgia Firefighters’ Pension fund provides retirement as well as disability and death benefits. Benefit provisions and vesting requirements are established by statute and may be amended only by the General Assembly of Georgia. A member shall be eligible to receive retirement benefits at age 55 provided the member has 25 years of service. A member may be eligible to receive a pro rata share of benefits, at the latter of age 55 or at the member’s termination as a firefighter or volunteer firefighter, after at least 15 years of service (amount received to be the maximum benefit amount times a ratio of years of service to 25 years). At age 50, a member may elect to receive a percentage of benefits to which the member would have been eligible to receive at age 55. Members may receive benefits and continue service as a volunteer firefighter as long as they receive no form of compensation for their volunteer department activity.

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

E. Retirement plans (Continued)

3. *Defined Benefit Plan – Georgia Firefighters’ Pension Fund (Continued)*

The maximum retirement benefit at June 30, 2018 is \$922 per month for the life of the member. The Board of Trustees is authorized to provide for ad hoc cost-of-living adjustments (COLAs) effective as of January 1 and July 1 of each year up to 1.5% of the maximum retirement benefit then in effect. Members retiring after July 1, 1984 with service in excess of 25 years are entitled to an additional 1% of the maximum benefit in effect at the time of retirement for each additional full year of service. Members retiring after July 1, 2002 with service in excess of 25 years are entitled to an additional 2% of the maximum benefit in effect at the time of retirement for each additional full year of service.

Members may elect, as an alternate to the benefit described above, to receive either an actuarially reduced benefit payable during the joint lifetime of the member and the member’s spouse, continuing after the death of the member during the lifetime of the spouse or a 10 years’ certain and life option where an actuarially reduced benefit is received during the member’s lifetime and, in the event of the member’s death within 10 years of retirement, the same monthly benefits shall be payable to the member’s selected beneficiary for the balance of the 10 year period.

In the event a member terminates prior to receiving retirement benefits, 95% of the member’s contribution will be returned. No interest is paid upon amounts so withdrawn.

Contributions. The Firefighters’ fund is funded by member and nonemployer contributions. Contribution provisions are established by statute and may be amended only by the General Assembly of Georgia. A description of contribution requirements is as follows:

Member contributions. Member contributions are set forth in O.C.G.A 47-7-60 and are not actuarially determined. Each member must contribute \$25 per month, to be paid no later than the 10th day of each month.

Nonemployer contributions. Pursuant to O.C.G.A. 47-7-61, the State makes contributions to the Firefighters’ fund on behalf of non-State employers as follows: Nonemployer contributing entity contributions consist of contributions from fire insurance companies, corporations or associations doing business within the State of Georgia. These contributions must be paid to the Firefighters’ fund and are comprised of 1% of the gross premiums, written by such insurance companies, corporations, or associations for fire, lightning, or extended coverage, inland marine or allied lines, or windstorm insurance policies covering property within the State of Georgia.

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

E. Retirement plans (Continued)

3. *Defined Benefit Plan – Georgia Firefighters’ Pension Fund (Continued)*

In accordance with O.C.G.A. 47-20-10, the insurance premiums tax are considered employer contributions for the purpose of determining whether the Firefighters’ plan has met minimum funding requirements. This statute also prohibits an action to grant a benefit increase until such time as the minimum annual contribution requirements meet or exceed legislative requirements. The actuarial valuation as of June 30, 2017, calculated the minimum employer contribution for the fiscal year ended June 30, 2018, as \$29.0 million.

Administrative expenses are generally funded from current member and insurance premium tax contributions. Investment earnings may be utilized to fund any expenses in excess of contributions.

Pension liabilities and pension expense. At June 30, 2018 the City did not have a liability for a proportionate share of the net pension liability because of the State of Georgia’s support. The amount of the State’s proportionate share of the net pension liability associated with the City is as follows:

State of Georgia's proportionate share of the Net Pension Liability associated with the City	<u>\$</u> <u>909,814</u>
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The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2017. An expected total pension liability as of June 30, 2018 was determined using standard roll-forward techniques. The State’s proportion of the net pension liability associated with the City was based on actuarially determined contributions paid by the State during the fiscal year ended June 30, 2017.

For the year ended June 30, 2018, the City recognized pension expense of \$200,183 and revenue of \$200,183 for support provided by the State of Georgia.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	N/A
Investment rate of return	6.00%, net of pension plan investment expense, including inflation

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

E. Retirement plans (Continued)

3. *Defined Benefit Plan – Georgia Firefighters’ Pension Fund (Continued)*

Mortality rates for pre-retirement were based on the RP-2000 Employee Mortality Table projected to 2025 with Projection Scale BB. Mortality rates for postretirement and for dependent beneficiaries were based on the RP-2000 Blue Collar Mortality Table projected to 2025 with projection scale BB set forward one year for males and set forward four years for females. For current disability retirees, mortality rates are based on the RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB set forward five years for males and set forward three years for females, however there are no longer any disability benefits in the plan.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis 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. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Investment grade corporate credit	12.00%	2.44%
Mortgage backed securities	12.00	0.95
Core bonds	10.50	1.38
Domestic large stocks	15.50	5.92
Small/mid cap equities	15.50	6.71
International developed market equities	13.00	6.71
International emerging market equities	6.50	9.70
Private equities	5.00	8.73
Real estate	5.00	4.62
Real assets (liquid)	5.00	4.65
Total	100.00%	

* Rates shown are net of the 2.75% assumed rate of inflation

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

E. Retirement plans (Continued)

3. *Defined Benefit Plan – Georgia Firefighters’ Pension Fund (Continued)*

Discount rate. The discount rate used to measure the total pension liability was 7.50%. 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 employer and nonemployer 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.

4. *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 City are eligible to participate. This Plan is administered by Transamerica as a 401(a) and 457 plan, as defined by the Internal Revenue Service. At June 30, 2018, there were 496 employees and 445 participants. Plan provisions and contribution requirements are established and may be amended by the City Council (the “Board”).

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, 2018, the City’s contribution to the 401(a) plan was \$1,900,739. The amount contributed by employees into the 457 plan was \$1,867,416.

F. Other postemployment benefits

Plan Administration and benefits. The City of Alpharetta Retiree Benefit Plan (the “COARBP”) is a single employer defined benefit postretirement health care plan. Through June 30, 2011, the Plan operated on a “pay-as-you-go” basis. 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.

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

F. Other postemployment benefits (Continued)

Plan Membership. Membership of the COARBP Plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

Active participants	356
Retirees and beneficiaries currently receiving benefits	<u>2</u>
Total	<u><u>358</u></u>

Contributions. The City Council has the authority to establish and amend the contribution requirements of plan members. The Council establishes rates based on an actuarially determined rate. For the year ended June 30, 2018, the City's average contribution rate was .39 percent of covered-employee payroll. Plan members are not required to contribute to the plan. The City's contribution is dependent on the employee's number of years of creditable service. Retirees pay 100% of the blended premium afforded to the City. The Council may amend the benefit provisions.

Benefits. Eligible retirees are offered the same health and prescription drug coverage as active employees. The City provides an implicit rate plan, whereby eligible retirees who retire and receive a pension are entitled to continue to purchase health insurance coverage from the City until age 65, at the same rate as active employees.

Investment policy. The COARBP's policy in regard to the allocation of invested assets is established and may be amended by the City Council by a majority vote of its members. It is the policy of the Council to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The COARBP is currently fully invested with Georgia Fund 1 cash equivalents. Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No.31. As a result, COARBP does not disclose the investment in Georgia Fund 1 within the fair value hierarchy. The total value of the COARBP investments with Georgia Fund 1 is \$1,224,157.

Rate of return. For the year ended June 30, 2018, the annual money weighted rate of return on investments, net of investment expense, was 1.6 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

F. Other postemployment benefits (Continued)

Net OPEB Liability (Asset) of the City

Changes in Net OPEB Liability (asset) of the City. Effective July 1, 2017, the City implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly changed the City's accounting for OPEB amounts. The information disclosed below is presented in accordance with this new standard.

The City's Net OPEB liability (asset) was measured as of June 30, 2018, and the total OPEB liability used to calculate the Net OPEB liability (asset) was determined by an actuarial valuation as of July 1, 2017 with the actuary using standard techniques to roll forward the liability to the measurement date.

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of July 1, 2017 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	3.50%
Long-term expected rate of return on OPEB investments	3.5%, net of investment expense, including inflation
Healthcare Cost Trend Rate:	8% per annum, gradually decreasing to 3.50%
Inflation Rate:	2.50%
Salary increase:	5.60%-7.70% plus merit
Participation rate:	30%

The total OPEB liability was rolled forward to June 30, 2018, utilizing update procedures incorporating the actuarial assumptions.

Mortality rates for pre-retirement were based on the RP-2014 Employee for Males or Females that is fully generational with MP-2017 Mortality Improvement Scale, as appropriate, with no adjustments or projections. Postretirement mortality rates were based on the RP-2014 Health Annuitant tables for males and females that is fully generational with MP-2017 Mortality Improvement Scale.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period ending December 31, 2005. The population is too small to justify a statistically significant result.

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

F. Other postemployment benefits (Continued)

Net OPEB Liability (Asset) of the City (continued)

The long-term expected rate of return on COARBP investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 weighing the expected future real rates of return by the major 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 target asset allocation as of June 30, are presented previously.

Discount rate. The discount rate used to measure the total OPEB liability was 3.50 percent. The projection of cash flows used to determine the discount rate assumed that the City will contribute at rates equal to the actuarially determined contribution rates. Based on those assumptions, the COARBP'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 COARBP investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate of 3.50% was a decrease from the discount rate of 4.00% percent utilized to determine the total OPEB liability as of the beginning of the measurement period due to a decrease in the underlying municipal bond rate index utilized.

The components of the net OPEB liability (asset) of the City at June 30, 2018 were as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Asset (a) - (b)
Balances at 6/30/17	\$ 935,454	\$ 1,130,252	\$ (194,798)
Changes for the fiscal year:			
Service cost	56,869	-	56,869
Interest	38,402	-	38,402
Differences between expected and actual experience	(109,895)	-	(109,895)
Assumption Changes	158,319	-	158,319
Contributions—employer	-	85,200	(85,200)
Contributions—employee	-	-	-
Net investment income	-	16,391	(16,391)
Benefit payments, including refunds of employee contributions	(7,686)	(7,686)	-
Net changes	136,009	93,905	42,104
Balances at 6/30/18	\$ 1,071,463	\$ 1,224,157	\$ (152,694)

The Plan's fiduciary net position as a percentage of the total OPEB liability

114.3%

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

F. Other postemployment benefits (Continued)

Net OPEB Liability (Asset) of the City (Continued)

The required schedule of changes in the City's net OPEB liability (asset) 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 OPEB liability.

Sensitivity of the net OPEB liability (asset) to changes in the discount rate. The following presents the net OPEB liability (asset) of the City, as well as what the City's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.5% decreasing to 2.5%) or 1-percentage-point higher (3.5% increasing to 4.5%) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB liability (asset)	\$ (66,120)	\$ (152,694)	\$ (235,182)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability (asset) of the City, as well as what the City's net OPEB liability (asset) would be if it were to calculate healthcare cost trend rates that are 1-percentage-point lower (7.0% decreasing to 2.5%) or 1-percentage-point higher (9.0% decreasing to 4.5%) than the current healthcare cost trend rates:

	1% Decrease (7.0% to 2.5%)	Current rates (8.0% to 3.5%)	1% Increase (9.0% to 4.5%)
Net OPEB liability (asset)	\$ (284,362)	\$ (152,694)	\$ 1,340

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 revisions 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 June 30, 2018 and the current sharing pattern of costs between employer and employee.

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

F. Other postemployment benefits (Continued)

Net OPEB Liability (Asset) of the City (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2018, the City recognized OPEB expense of \$63,937. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 99,285
Changes in assumptions	143,033	-
Net difference between projected and actual earnings on OPEB plan investments	19,619	-
Total	\$ 162,652	\$ 99,285

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

Year ending June 30:		
2019	\$	9,581
2020		9,581
2021		9,581
2022		9,580
2023		4,676
Thereafter		20,368
Total	\$	63,367

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

G. Hotel/Motel lodging tax

The City imposes a hotel/motel tax on lodging facilities within the City of Alpharetta. The tax is currently assessed at a rate of 8%. Revenues were \$7,665,868 for the fiscal year ended June 30, 2018. Of this amount 96.54%, or \$7,400,615, was expended. Expenditures of the tax were used to promote tourism as required by O.C.G.A. 48-13-51. A portion of the tax is being held to pay a portion of the debt service associated with the construction of the convention center in accordance with O.C.G.A. 48-13-50.

H. Tax abatements

For the year ended June 30, 2018, City's property tax revenues were reduced by \$52,756 and \$502,393 under agreements entered into by the City of Alpharetta Development Authority and Fulton County Development Authority, respectively. These authorities entered into agreements with various entities under the economic development laws of the State of Georgia which qualify for disclosure under GASB Statement No. 77, *Tax Abatement Disclosures*. Under the agreements, taxes on both real property and personal property are reduced based on investments made by the corporation to whom the incentives were offered as long as the corporation meets certain investment targets.

I. Restatements

As discussed in Note V.F above, the City implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits (OPEB) Other than Pensions*. The new standard significantly changed the City's accounting for OPEB amounts.

As a result of this change in accounting principle, the City was required to restate beginning net position for the following:

Net position, governmental activities, as previously reported	\$ 248,808,416
City's net OPEB liability, beginning balance	194,798
Removal of net OPEB asset under GASB Statement No. 45	(377,011)
Beginning net position, governmental activities, restated	<u><u>\$ 248,626,203</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ALPHARETTA, GEORGIA

**REQUIRED SUPPLEMENTARY INFORMATION
OPEB RETIREMENT PLAN
SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY
AND RELATED RATIOS**

	<u>2018</u>
Total OPEB liability	
Service cost	\$ 56,869
Interest on total OPEB liability	38,402
Differences between expected and actual experience	(109,895)
Changes of assumptions and other inputs	158,319
Benefit payments	<u>(7,686)</u>
Net change in total OPEB liability	136,009
Total OPEB liability - beginning	<u>935,454</u>
Total OPEB liability - ending (a)	<u><u>\$ 1,071,463</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 85,200
Net investment income	16,391
Benefit payments	<u>(7,686)</u>
Net change in plan fiduciary net position	93,905
Plan fiduciary net position - beginning	<u>1,130,252</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 1,224,157</u></u>
City's net OPEB liability (asset) - ending (a) - (b)	<u><u>\$ (152,694)</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	114.25%
Covered-employee payroll	\$ 21,788,982
Net OPEB liability (asset) as a percentage of covered-employee payroll	-0.7%

Notes to the Schedule:

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

CITY OF ALPHARETTA, GEORGIA

**REQUIRED SUPPLEMENTARY INFORMATION
OPEB RETIREMENT PLAN
SCHEDULE OF CITY CONTRIBUTIONS**

	2018
Actuarially determined contribution	\$ 60,889
Contributions in relation to the actuarially determined contribution	85,200
Contribution deficiency (excess)	\$ (24,311)
Covered employee payroll	\$ 21,788,982
Contributions as a percentage of covered-employee payroll	0.39%

Notes to the Schedule:

(1) Actuarial Assumptions

Valuation Date	July 1, 2017
Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Market Value of Assets
Assumed Rate of Return on Investments	3.50%
Projected Salary Increases	5.60% to 7.70%, including 2.5% for inflation
Cost-of-living Adjustment	None
Amortization Method	Level dollar, closed
Remaining Amortization Period	5 years
Mortality	
Pre-retirement	RP-2014 Employee tables for males and females; fully generational with MP-2017 Mortality Improvement Scale
Post-retirement	RP-2014 Healthy Annuitant tables for males and females; fully generational with MP-2017 Mortality Improvement Scale
Health Care Cost Trends:	8.00% and gradually decreasing to an ultimate rate of 3.50%

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

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

	<u>2018</u>
Annual money-weighted rate of return, net of investment expenses for the City's OPEB Plan	1.6%

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 CHANGES IN THE CITY'S NET PENSION LIABILITY
AND RELATED RATIOS

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 1,505,980	\$ 1,598,717	\$ 1,716,370	\$ 1,968,015	\$ 1,567,142
Interest on total pension liability	5,740,858	5,433,736	4,819,727	4,288,338	4,005,310
Differences between expected and actual experience	726,104	(1,092,001)	1,281,931	465,014	-
Change of assumptions	199,517	186,911	178,382	(4,591,299)	-
Benefit payments, including refunds of employee contributions	(1,993,117)	(1,761,551)	(1,463,409)	(1,327,566)	(1,185,315)
Other charges		-	177,741	-	-
Net change in total pension liability	<u>6,179,342</u>	<u>4,365,812</u>	<u>6,710,742</u>	<u>802,502</u>	<u>4,387,137</u>
Total pension liability - beginning	<u>76,168,801</u>	<u>71,802,989</u>	<u>65,092,247</u>	<u>64,289,745</u>	<u>59,902,608</u>
Total pension liability - ending (a)	<u>\$ 82,348,143</u>	<u>\$ 76,168,801</u>	<u>\$ 71,802,989</u>	<u>\$ 65,092,247</u>	<u>\$ 64,289,745</u>
Plan fiduciary net position					
Contributions - employer	\$ 2,625,003	\$ 2,500,000	\$ 2,400,000	\$ 2,300,000	\$ 2,250,000
Contributions - employee	338,544	347,281	368,356	368,638	371,246
Net investment income (loss)	4,747,877	6,679,684	(36,548)	1,709,776	7,664,372
Benefit payments, including refunds of member contributions	(1,993,117)	(1,761,551)	(1,463,409)	(1,327,566)	(1,185,315)
Administrative expenses	(87,942)	(309,924)	(135,692)	(161,357)	(47,295)
Net change in plan fiduciary net position	<u>5,630,365</u>	<u>7,455,490</u>	<u>1,132,707</u>	<u>2,889,491</u>	<u>9,053,008</u>
Plan fiduciary net position - beginning	<u>64,661,114</u>	<u>57,205,624</u>	<u>56,072,917</u>	<u>53,183,426</u>	<u>44,130,418</u>
Plan fiduciary net position - ending (b)	<u>\$ 70,291,479</u>	<u>\$ 64,661,114</u>	<u>\$ 57,205,624</u>	<u>\$ 56,072,917</u>	<u>\$ 53,183,426</u>
City's net pension liability - ending (a) - (b)	<u>\$ 12,056,664</u>	<u>\$ 11,507,687</u>	<u>\$ 14,597,365</u>	<u>\$ 9,019,330</u>	<u>\$ 11,106,319</u>
Plan fiduciary net position as a percentage of the total pension liability	85.4%	84.9%	79.7%	86.1%	82.7%
Covered payroll	\$ 18,562,532	\$ 19,186,755	\$ 20,234,162	\$ 20,306,168	\$ 20,203,287
Net pension liability as a percentage of covered payroll	65.0%	60.0%	72.1%	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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 2,359,496	\$ 2,287,519	\$ 2,289,533	\$ 2,003,761	\$ 2,200,896
Contributions in relation to the actuarially determined contribution	(2,625,003)	(2,500,000)	2,400,000	2,300,000	2,250,000
Contribution deficiency (excess)	<u>\$ (265,507)</u>	<u>\$ (212,481)</u>	<u>\$ (110,467)</u>	<u>\$ (296,239)</u>	<u>\$ (49,104)</u>
Covered payroll	\$ 18,562,532	\$ 19,186,755	\$ 20,234,162	\$ 20,306,168	\$ 20,203,287
Contributions as a percentage of covered payroll	-14.14%	-13.03%	11.86%	11.33%	11.14%
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarially determined contribution	\$ 2,601,891	\$ 2,553,324	\$ 3,528,345	\$ 2,999,252	\$ 2,776,563
Contributions in relation to the actuarially determined contribution	2,705,967	2,987,389	3,104,944	2,849,289	2,531,525
Contribution deficiency (excess)	<u>\$ (104,076)</u>	<u>\$ (434,065)</u>	<u>\$ 423,401</u>	<u>\$ 149,963</u>	<u>\$ 245,038</u>
Covered payroll	\$ 21,623,292	\$ 22,141,454	\$ 23,393,451	\$ 23,011,719	\$ 21,345,172
Contributions as a percentage of covered payroll	12.51%	13.49%	13.27%	12.38%	11.86%

Notes to the Schedule:

(1) Actuarial Assumptions

Valuation Date	January 1, 2018
Cost Method	Entry Age
Actuarial Asset Valuation Method	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)

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

	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expenses for the City's Pension Plan	7.16%	11.37%	0.07%	3.13%	16.89%

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, 2018

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 22,354,000	\$ 22,354,000	\$ 22,681,551	\$ 327,551
Sales and use taxes	15,200,000	15,200,000	15,907,320	707,320
Franchise taxes	6,640,000	6,640,000	6,177,460	(462,540)
Business taxes	4,947,500	5,020,820	5,387,059	366,239
Other taxes	3,112,000	3,112,000	3,129,297	17,297
Licenses and permits	2,722,050	2,722,050	3,403,611	681,561
Charges for services	3,368,250	3,471,547	3,399,085	(72,462)
Fines and forfeitures	2,209,000	2,209,000	1,811,814	(397,186)
Intergovernmental	435,000	435,000	601,978	166,978
Contributions and donations	80,000	96,847	87,344	(9,503)
Investment earnings	75,000	75,000	227,600	152,600
Other revenues	95,956	95,956	161,461	65,505
Total revenues	61,238,756	61,432,220	62,975,580	1,543,360
Expenditures:				
Current:				
General government:				
City clerk	463,489	534,782	514,676	20,106
Mayor and council	364,488	364,488	292,533	71,955
Municipal court	1,126,546	1,126,546	983,191	143,355
Legal	665,000	665,000	725,172	(60,172)
City administrator	1,533,394	1,537,552	1,481,839	55,713
Finance	3,236,105	3,236,105	3,207,107	28,998
Human resources	415,782	415,782	367,541	48,241
Technology services	1,681,857	1,681,857	1,602,409	79,448
Internal audit	193,682	193,682	184,938	8,744
Non-departmental	1,360,000	1,360,000	720,697	639,303
Total general government	11,040,343	11,115,794	10,080,103	1,035,691
Public safety	26,659,589	26,680,839	25,582,695	1,098,144
Public works	8,300,400	8,300,400	7,671,881	628,519
Community development	2,857,116	2,857,116	2,793,574	63,542
Culture and recreation	8,967,223	9,081,959	8,614,661	467,298
Debt service				
Principal	857,780	857,780	851,215	6,565
Interest	195,255	195,255	196,743	(1,488)
Total expenditures	58,877,706	59,089,143	55,790,872	3,298,271
Excess of revenues over expenditures	2,361,050	2,343,077	7,184,708	4,841,631

Continued

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

**BUDGETARY COMPARISON SCHEDULE - GAAP BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Other financing sources (uses):				
Proceeds from sale of capital assets	100,250	100,250	139,686	39,436
Transfers in	2,718,750	2,718,750	2,874,701	155,951
Transfers out	<u>(14,022,363)</u>	<u>(14,022,363)</u>	<u>(14,022,363)</u>	-
Total other financing sources (uses)	<u>(11,203,363)</u>	<u>(11,203,363)</u>	<u>(11,007,976)</u>	<u>195,387</u>
Net change in fund balances	(8,842,313)	(8,860,286)	(3,823,268)	5,037,018
Fund balances, beginning of fiscal year	<u>28,460,351</u>	<u>28,460,351</u>	<u>28,460,351</u>	-
Fund balances, end of fiscal year	<u><u>\$ 19,618,038</u></u>	<u><u>\$ 19,600,065</u></u>	<u><u>\$ 24,637,083</u></u>	<u><u>\$ 5,037,018</u></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 City from area hotels and motels, and distributed based upon state statute. The City is currently collecting this tax at a rate of 8%.

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 City'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 City. Matching funds, which are the City'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 City, as required by state law.

Capital Projects Funds

Conference Center Fund is used to track the capital acquisitions, construction, and equipping of the new City conference center and the related financing of those costs.

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

Stormwater Capital Fund – This fund accounts for stormwater and drainage maintenance, repair, and improvement projects.

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.

CITY OF ALPHARETTA, GEORGIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

ASSETS	Special Revenue Funds				
	Hotel Motel	Impact Fee	Confiscated Assets	Grant Operating	E911
Cash and cash equivalents	\$ 1,227,195	\$ 2,262,898	\$ 658,720	\$ 28,942	\$ 978,689
Investments	577,728	1,065,308	74	13,625	460,739
Taxes receivable, net	761,399	-	-	-	-
Accounts receivable	-	-	-	3,176	656,477
Intergovernmental receivable	-	-	196,062	-	-
Restricted cash equivalents	-	-	-	-	-
Total assets	\$ 2,566,322	\$ 3,328,206	\$ 854,856	\$ 45,743	\$ 2,095,905
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 138,608	\$ 369,384	\$ 322,117	\$ -	\$ 174,588
Retainage payable	38,561	214,634	60,000	-	-
Accrued expenditures	333,114	-	6,972	-	69,406
Due to other funds	285,524	-	-	-	-
Total liabilities	795,807	584,018	389,089	-	243,994
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	-	-	-	-	-
Unavailable revenue - other	-	-	142,590	696	-
Total deferred inflows of resources	-	-	142,590	696	-
FUND BALANCES					
Restricted:					
Capital projects	-	2,744,188	-	-	-
Law enforcement	-	-	323,177	-	-
Emergency telephone system activities	-	-	-	-	1,851,911
Tourism	1,770,515	-	-	-	-
Debt service	-	-	-	-	-
Assigned for:					
Grant projects	-	-	-	45,047	-
Stormwater projects	-	-	-	-	-
Total fund balances	1,770,515	2,744,188	323,177	45,047	1,851,911
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,566,322	\$ 3,328,206	\$ 854,856	\$ 45,743	\$ 2,095,905

Capital Project Funds				
Conference Center Fund	Grant Capital Fund	Stormwater Capital Fund	Debt Service Fund	Nonmajor Governmental Funds
\$ -	\$ 181,343	\$ 627,860	\$ 687,483	\$ 6,653,130
-	85,371	295,579	323,647	2,822,071
-	-	-	50,804	812,203
-	7,945	-	-	667,598
-	278,446	-	-	474,508
<u>374,722</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>374,722</u>
<u>\$ 374,722</u>	<u>\$ 553,105</u>	<u>\$ 923,439</u>	<u>\$ 1,061,934</u>	<u>\$ 11,804,232</u>
\$ -	\$ -	\$ 344,836	\$ 844	\$ 1,350,377
-	59,157	34,845	-	407,197
-	-	-	-	409,492
-	-	-	-	285,524
<u>-</u>	<u>59,157</u>	<u>379,681</u>	<u>844</u>	<u>2,452,590</u>
-	-	-	29,041	29,041
-	278,446	-	-	421,732
<u>-</u>	<u>278,446</u>	<u>-</u>	<u>29,041</u>	<u>450,773</u>
374,722	-	-	-	3,118,910
-	-	-	-	323,177
-	-	-	-	1,851,911
-	-	-	-	1,770,515
-	-	-	1,032,049	1,032,049
-	215,502	-	-	260,549
-	-	543,758	-	543,758
<u>374,722</u>	<u>215,502</u>	<u>543,758</u>	<u>1,032,049</u>	<u>8,900,869</u>
<u>\$ 374,722</u>	<u>\$ 553,105</u>	<u>\$ 923,439</u>	<u>\$ 1,061,934</u>	<u>\$ 11,804,232</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, 2018**

	Special Revenue Funds				
	Hotel Motel	Impact Fee	Confiscated Assets	Grant Operating	E911
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel/Motel taxes	7,665,868	-	-	-	-
Sales taxes	-	-	-	-	-
Impact fees	-	1,346,589	-	-	-
Charges for services	-	-	-	-	2,918,267
Forfeiture income	-	-	242,998	-	-
Intergovernmental	-	-	95,834	47,396	941,834
Investment earnings	-	36,045	752	617	12,542
Total revenues	7,665,868	1,382,634	339,584	48,013	3,872,643
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	520,464	1,432,775	32,961	4,275,047
Culture and recreation	-	2,213,438	-	38,549	-
Community development	3,745,951	-	-	-	-
Public works	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	46,129	-	74,980
Interest	779,963	-	2,816	-	1,797
Total expenditures	4,525,914	2,733,902	1,481,720	71,510	4,351,824
Excess (deficiency) of revenues over expenditures	3,139,954	(1,351,268)	(1,142,136)	(23,497)	(479,181)
Other financing sources (uses):					
Transfers out	(2,874,701)	-	-	-	-
Transfers in	-	-	-	20,000	-
Capital lease	-	-	-	-	504,024
Proceeds from sale of capital assets	-	-	14,366	-	-
Total other financing uses	(2,874,701)	-	14,366	20,000	504,024
Net change in fund balances	265,253	(1,351,268)	(1,127,770)	(3,497)	24,843
Fund balances (defecit), beginning of fiscal year	1,505,262	4,095,456	1,450,947	48,544	1,827,068
Fund balances, end of fiscal year	\$ 1,770,515	\$ 2,744,188	\$ 323,177	\$ 45,047	\$ 1,851,911

Capital Project Funds				Total Nonmajor Governmental Funds
Conference Center Fund	Grant Capital Fund	Stormwater Capital Fund	Debt Service Fund	
\$ -	\$ -	\$ -	\$ 5,239,144	\$ 5,239,144
-	-	-	-	7,665,868
-	-	-	-	-
-	-	-	-	1,346,589
-	-	-	-	2,918,267
-	-	-	-	242,998
-	1,693,636	-	-	2,778,700
21,819	-	-	20,457	92,232
<u>21,819</u>	<u>1,693,636</u>	<u>-</u>	<u>5,259,601</u>	<u>20,283,798</u>
6,477,274	-	-	3,300	6,480,574
-	-	-	-	6,261,247
-	-	13,027	-	2,265,014
-	-	-	-	3,745,951
-	-	1,377,473	-	1,377,473
-	1,280,664	-	-	1,280,664
-	-	-	2,755,500	2,876,609
-	-	-	2,719,157	3,503,733
<u>6,477,274</u>	<u>1,280,664</u>	<u>1,390,500</u>	<u>5,477,957</u>	<u>27,791,265</u>
(6,455,455)	412,972	(1,390,500)	(218,356)	(7,507,467)
-	-	-	-	(2,874,701)
-	-	1,255,000	-	1,275,000
-	-	-	-	504,024
-	-	-	-	14,366
-	-	1,255,000	-	(1,081,311)
(6,455,455)	412,972	(135,500)	(218,356)	(8,588,778)
6,830,177	(197,470)	679,258	1,250,405	17,489,647
<u>\$ 374,722</u>	<u>\$ 215,502</u>	<u>\$ 543,758</u>	<u>\$ 1,032,049</u>	<u>\$ 8,900,869</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Hotel/Motel taxes	\$ 7,250,000	\$ 7,250,000	\$ 7,665,868	\$ 415,868
Total revenues	<u>7,250,000</u>	<u>7,250,000</u>	<u>7,665,868</u>	<u>415,868</u>
Expenditures:				
Current:				
Community development	3,721,875	3,727,137	3,745,951	(18,814)
Debt service - interest	809,375	2,309,375	779,963	1,529,412
Total expenditures	<u>4,531,250</u>	<u>6,036,512</u>	<u>4,525,914</u>	<u>1,510,598</u>
Excess of revenues over expenditures	2,718,750	1,213,488	3,139,954	1,926,466
Other financing uses:				
Transfers out	(2,718,750)	(2,718,750)	(2,874,701)	(155,951)
Total other financing uses	<u>(2,718,750)</u>	<u>(2,718,750)</u>	<u>(2,874,701)</u>	<u>(155,951)</u>
Net changes in fund balances	-	(1,505,262)	265,253	1,770,515
Fund balances, beginning of fiscal year	<u>1,505,262</u>	<u>1,505,262</u>	<u>1,505,262</u>	<u>-</u>
Fund balances, end of fiscal year	<u>\$ 1,505,262</u>	<u>\$ -</u>	<u>\$ 1,770,515</u>	<u>\$ 1,770,515</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Impact fees	\$ 550,000	\$ 550,000	\$ 1,346,589	\$ 796,589
Investment earnings	-	-	36,045	36,045
Total revenues	<u>550,000</u>	<u>550,000</u>	<u>1,382,634</u>	<u>832,634</u>
Expenditures:				
Current:				
Public safety	80,000	520,465	520,464	1
Culture and recreation	1,550,000	4,124,991	2,213,438	1,911,553
Total expenditures	<u>1,630,000</u>	<u>4,645,456</u>	<u>2,733,902</u>	<u>1,911,554</u>
Net changes in fund balances	(1,080,000)	(4,095,456)	(1,351,268)	2,744,188
Fund balances, beginning of fiscal year	<u>4,095,456</u>	<u>4,095,456</u>	<u>4,095,456</u>	<u>-</u>
Fund balances, end of fiscal year	<u>\$ 3,015,456</u>	<u>\$ -</u>	<u>\$ 2,744,188</u>	<u>\$ 2,744,188</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, 2018**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Forfeiture income	\$ -	\$ -	\$ 242,998	\$ 242,998
Investment earnings	-	-	752	752
Intergovernmental revenue	-	240,360	95,834	(144,526)
Total revenues	-	240,360	339,584	99,224
Expenditures:				
Current:				
Public safety	468,759	1,642,360	1,432,775	209,585
Debt service:				
Principal	46,130	46,130	46,129	1
Interest	2,817	2,817	2,816	1
Total expenditures	517,706	1,691,307	1,481,720	209,587
Deficiency of revenues over expenditures	(517,706)	(1,450,947)	(1,142,136)	308,811
Other financing sources:				
Proceeds from sale of capital assets	-	-	14,366	14,366
Total other financing sources	-	-	14,366	14,366
Net changes in fund balances	(517,706)	(1,450,947)	(1,127,770)	323,177
Fund balances, beginning of fiscal year	1,450,947	1,450,947	1,450,947	-
Fund balances, end of fiscal year	\$ 933,241	\$ -	\$ 323,177	\$ 323,177

**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, 2018**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 57,855	\$ 47,396	\$ (10,459)
Investment earnings	-	-	617	617
Total revenues	-	57,855	48,013	(9,842)
Expenditures:				
Current:				
General government	20,000	24,307	-	24,307
Public safety	-	63,542	32,961	30,581
Culture and recreation	-	38,550	38,549	1
Total expenditures	20,000	126,399	71,510	54,889
Deficiency of revenues over expenditures	(20,000)	(68,544)	(23,497)	45,047
Other financing sources:				
Transfers in	20,000	20,000	20,000	-
Total other financing sources	20,000	20,000	20,000	-
Net changes in fund balances	-	(48,544)	(3,497)	45,047
Fund balances, beginning of fiscal year	48,544	48,544	48,544	-
Fund balances, end of fiscal year	\$ 48,544	\$ -	\$ 45,047	\$ 45,047

**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, 2018**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 3,000,000	\$ 3,000,000	\$ 2,918,267	\$ (81,733)
Intergovernmental	940,000	940,000	941,834	1,834
Investment earnings	5,478	5,478	12,542	7,064
Total revenues	<u>3,945,478</u>	<u>3,945,478</u>	<u>3,872,643</u>	<u>(72,835)</u>
Expenditures:				
Current:				
Public safety	4,356,678	5,369,795	4,275,047	1,094,748
Debt service:				
Principal	65,000	74,980	74,980	-
Interest	5,000	1,797	1,797	-
Total expenditures	<u>4,426,678</u>	<u>5,446,572</u>	<u>4,351,824</u>	<u>1,094,748</u>
Deficiency of revenues over expenditures	(481,200)	(1,501,094)	(479,181)	1,021,913
Other financing sources:				
Capital lease	-	504,025	504,024	1
Total other financing sources	<u>-</u>	<u>504,025</u>	<u>504,024</u>	<u>1</u>
Net changes in fund balances	(481,200)	(997,069)	24,843	1,021,914
Fund balances, beginning of fiscal year	<u>1,827,068</u>	<u>1,827,068</u>	<u>1,827,068</u>	<u>-</u>
Fund balances, end of fiscal year	<u>\$ 1,345,868</u>	<u>\$ 829,999</u>	<u>\$ 1,851,911</u>	<u>\$ 1,021,914</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, 2018**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 5,164,000	\$ 5,164,000	\$ 5,239,144	\$ 75,144
Investment earnings	12,000	12,000	20,457	8,457
Total revenues	<u>5,176,000</u>	<u>5,176,000</u>	<u>5,259,601</u>	<u>83,601</u>
Expenditures:				
Current:				
General government	5,000	951,748	3,300	948,448
Debt service:				
Principal	2,755,500	2,755,500	2,755,500	-
Interest	2,719,158	2,719,157	2,719,157	-
Total expenditures	<u>5,479,658</u>	<u>6,426,405</u>	<u>5,477,957</u>	<u>948,448</u>
Net change in fund balances	(303,658)	(1,250,405)	(218,356)	1,032,049
Fund balances, beginning of fiscal year	<u>1,250,405</u>	<u>1,250,405</u>	<u>1,250,405</u>	<u>-</u>
Fund balances, end of fiscal year	<u>\$ 946,747</u>	<u>\$ -</u>	<u>\$ 1,032,049</u>	<u>\$ 1,032,049</u>

CITY OF ALPHARETTA, GEORGIA

**SCHEDULE OF PROJECTS CONSTRUCTED WITH PROCEEDS FROM
TRANSPORTATION SPECIAL LOCAL OPTION SALES TAX (TSPLOST)
FOR THE YEAR ENDED JUNE 30, 2018**

PROJECT	ESTIMATED COST		PRIOR	EXPENDITURES		TOTAL	PROJECT COMPLETION
	ORIGINAL	CURRENT		CURRENT	TOTAL		
TSPLOST TIER 1							
Congestion Relief (Haynes Bridge Road / Old Milton Parkway / McGinnis Ferry Road / Windward Parkway Business District / Union Hill)	\$ 32,647,634	\$ 32,647,634	\$ 211,004	\$ 208,876	\$ 419,880	1.286 %	
Operations and Safety (Academy St./Webb Bridge Road/ Bicycle Improvements, Morris Road, Bethany at Mayfield Intersection, and Bethany at Mid Broadwell Road Intersection)	20,656,029	21,156,029	296,665	672,048	968,713	4.579 %	
TSPLOST TIER 2							
Kimball Bridge Road Operations and Ped/Bike Improvements	4,906,529	4,906,529	122,647	9,492	132,139	2.693 %	
Adaptive Traffic Signals/ ITS Milling/Resurfacing	1,500,000	1,500,000	-	-	-	0.000 %	
Sidewalks	1,000,000	1,000,000	-	-	-	0.000 %	
Debt Service	1,000,000	1,000,000	-	-	-	0.000 %	
Quick Response Projects	1,000,000	1,000,000	-	-	-	0.000 %	
TSPLOST TIER 3							
Bridges (Academy St./Webb Bridge Road / Ga 400 Bridge Improvements and Kimball Bridge/Ga 400 Improvements)	7,293,644	7,293,644	-	-	-	0.000 %	
Commuter Bike Corridor	500,000	500,000	-	-	-	0.000 %	
Ga 400 Bottlenecks	1,650,000	1,650,000	-	-	-	0.000 %	
TOTAL TSPLOST	\$ 72,153,836	\$ 72,653,836	630,316	890,416	\$ 1,520,732		

CITY OF ALPHARETTA, GEORGIA

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2018**

Governmental Activities - Internal Service Funds			
ASSETS	Risk Management Fund	Medical Insurance Fund	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 810,754	\$ 1,557,685	\$ 2,368,439
Investments	381,680	598,503	980,183
Total assets	<u>1,192,434</u>	<u>2,156,188</u>	<u>3,348,622</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	27,995	-	27,995
Claims payable, due within one year	<u>208,069</u>	<u>956,128</u>	<u>1,164,197</u>
Total current liabilities	<u>236,064</u>	<u>956,128</u>	<u>1,192,192</u>
NONCURRENT LIABILITIES			
Claims payable, due in more than one year	<u>734,234</u>	-	<u>734,234</u>
Total noncurrent liabilities	<u>734,234</u>	-	<u>734,234</u>
Total liabilities	<u>970,298</u>	<u>956,128</u>	<u>1,926,426</u>
NET POSITION			
Unrestricted	<u>222,136</u>	<u>1,200,060</u>	<u>1,422,196</u>
Total net position	<u>\$ 222,136</u>	<u>\$ 1,200,060</u>	<u>\$ 1,422,196</u>

CITY OF ALPHARETTA, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Governmental Activities - Internal Service Funds		
	Risk Management Fund	Medical Insurance Fund	Total
OPERATING REVENUES			
Charges for services:			
Charges for service	\$ 1,335,000	\$ 6,999,721	\$ 8,334,721
Miscellaneous revenue	56,175	-	56,175
Total operating revenues	<u>1,391,175</u>	<u>6,999,721</u>	<u>8,390,896</u>
OPERATING EXPENSES			
Administration	171,564	-	171,564
Claims and judgements	668,204	5,257,053	5,925,257
Premiums	617,853	1,506,906	2,124,759
Total operating expenses	<u>1,457,621</u>	<u>6,763,959</u>	<u>8,221,580</u>
Operating income (loss)	(66,446)	235,762	169,316
NON-OPERATING REVENUES			
Investment earnings	9,247	119	9,366
Total non-operating revenues	<u>9,247</u>	<u>119</u>	<u>9,366</u>
Change in net position	(57,199)	235,881	178,682
NET POSITION, beginning of year	<u>279,335</u>	<u>964,179</u>	<u>1,243,514</u>
NET POSITION, end of year	<u>\$ 222,136</u>	<u>\$ 1,200,060</u>	<u>\$ 1,422,196</u>

CITY OF ALPHARETTA, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Governmental Activities - Internal Service Funds		
	Risk Management Fund	Medical Insurance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,391,175	\$ 7,011,762	\$ 8,402,937
Payments to vendors/suppliers	(607,248)	(1,520,861)	(2,128,109)
Payments on claims	(924,633)	(5,113,099)	(6,037,732)
Net cash provided by (used in) operating activities	<u>(140,706)</u>	<u>377,802</u>	<u>237,096</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(11,890)	(181,751)	(193,641)
Interest and dividends received	9,247	119	9,366
Net cash used in investing activities	<u>(2,643)</u>	<u>(181,632)</u>	<u>(184,275)</u>
Increase (decrease) in cash and cash equivalents	(143,349)	196,170	52,821
Cash and cash equivalents, beginning of year	<u>954,103</u>	<u>1,361,515</u>	<u>2,315,618</u>
Cash and cash equivalents, end of year	<u>\$ 810,754</u>	<u>\$ 1,557,685</u>	<u>\$ 2,368,439</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (66,446)	\$ 235,762	\$ 169,316
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Decrease in due from other funds	-	12,041	12,041
Increase (decrease) in accounts payable	10,605	(13,955)	(3,350)
Increase (decrease) in claims payable	(84,865)	143,954	59,089
Net cash provided by (used in) operating activities	<u>\$ (140,706)</u>	<u>\$ 377,802</u>	<u>\$ 237,096</u>

CITY OF ALPHARETTA, GEORGIA

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018**

ASSETS	Pension Plan	OPEB Plan	Total
Cash	\$ -	\$ 1,224,157	\$ 1,224,157
Accounts receivable	592,176	-	592,176
Investments:			
Money Market Funds	3,613,552	-	3,613,552
U.S. Treasuries	3,506,210	-	3,506,210
U.S. Government Agencies	302,681	-	302,681
Corporate and Foreign Agencies	9,491,954	-	9,491,954
Common Equity Securities	49,414,883	-	49,414,883
Equity Mutual Funds	534,387	-	534,387
Exchange Traded Funds	3,034,623	-	3,034,623
Total assets	70,490,466	1,224,157	71,714,623
LIABILITIES			
Accounts payable	198,987	-	198,987
Total liabilities	198,987	-	198,987
NET POSITION			
Net position restricted for retiree benefits	<u>\$ 70,291,479</u>	<u>\$ 1,224,157</u>	<u>\$ 71,515,636</u>

CITY OF ALPHARETTA, GEORGIA

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

ADDITIONS	Pension Plan	OPEB Plan	Total
Contributions:			
Employee contributions	\$ 338,544	\$ -	\$ 338,544
Employer contributions	2,625,003	85,200	2,710,203
Total contributions	<u>2,963,547</u>	<u>85,200</u>	<u>3,048,747</u>
Investment income:			
Net appreciation of fair value of investments	3,747,835	-	3,747,835
Interest and dividends	1,393,134	16,391	1,409,525
Less investment expense	(393,092)	-	(393,092)
Net investment income	<u>4,747,877</u>	<u>16,391</u>	<u>4,764,268</u>
Total additions	<u>7,711,424</u>	<u>101,591</u>	<u>7,813,015</u>
DEDUCTIONS			
Benefit payments	1,993,117	7,686	2,000,803
Administrative expenses	87,942	-	87,942
Total deductions	<u>2,081,059</u>	<u>7,686</u>	<u>2,088,745</u>
Change in net position	5,630,365	93,905	5,724,270
NET POSITION RESTRICTED FOR RETIREE BENEFITS			
Beginning of year	<u>64,661,114</u>	<u>1,130,252</u>	<u>65,791,366</u>
End of year	<u>\$ 70,291,479</u>	<u>\$ 1,224,157</u>	<u>\$ 71,515,636</u>

CITY OF ALPHARETTA, GEORGIA

BALANCE SHEET COMPONENT UNIT - DEVELOPMENT AUTHORITY JUNE 30, 2018

Assets	
Cash	\$ 111,463
Total assets	<u>\$ 111,463</u>
Liabilities	
Accounts payable	\$ 2,345
Total liabilities	<u>2,345</u>
Fund Balance	
Fund balance:	
Restricted for:	
Economic development	53,448
Unassigned	55,670
Total fund balance	<u>109,118</u>
Total liabilities and fund balance	<u>\$ 111,463</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, 2018

Revenues:

Interest earnings	\$	123
Miscellaneous income		2,117,662
Total revenues		<u>2,117,785</u>

Expenditures:

Community development		350,824
Debt service:		
Principal		875,000
Interest and fiscal charges		946,303
Total expenditures		<u>2,172,127</u>

Net change in fund balances		(54,342)
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Fund balance, beginning of fiscal year		<u>163,460</u>
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Fund balance, end of fiscal year	\$	<u><u>109,118</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 City’s overall financial health.

	<u>Page</u>
Financial Trends	100-105
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
Revenue Capacity.....	106-111
These schedules contain information to help the reader assess the City’s most significant local revenue source, property tax.	
Debt Capacity.....	112-115
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
Demographic and Economic Information	116 and 117
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	
Operating Information	118-120
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City 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)

	<u>2018</u>	<u>2017 (2)</u>	<u>2016</u>	<u>2015</u>
Governmental activities				
Net investment in capital assets (2)	\$ 207,591,819	156,743,582	\$ 215,676,760	\$ 201,023,973
Restricted	21,779,964	60,101,289	9,761,642	7,791,738
Unrestricted	26,815,118	31,781,332	21,343,378	19,004,765
Total governmental activities net position	<u>\$ 256,186,901</u>	<u>\$ 248,626,203</u>	<u>\$ 246,781,780</u>	<u>\$ 227,820,476</u>
Business-type activities (1)				
Net investment in capital assets	\$ -	-	\$ -	\$ -
Restricted	-	-	-	-
Unrestricted	1,186,192	1,133,212	1,123,990	967,766
Total business-type activities net position	<u>\$ 1,186,192</u>	<u>\$ 1,133,212</u>	<u>\$ 1,123,990</u>	<u>\$ 967,766</u>
Primary government				
Net investment in capital assets	\$ 207,591,819	156,743,582	\$ 215,676,760	\$ 201,023,973
Restricted	21,779,964	60,101,289	9,761,642	7,791,738
Unrestricted	28,001,310	32,914,544	22,467,368	19,972,531
Total primary government net position	<u>\$ 257,373,093</u>	<u>\$ 249,759,415</u>	<u>\$ 247,905,770</u>	<u>\$ 228,788,242</u>

(1) 2014 was restated for the implementation of GASB Statement No. 68 and 71.

(2) 2017 was restated for the implementation of GASB Statement No. 75.

<u>2014 (1)</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 201,359,025	\$ 203,216,963	\$ 210,559,491	\$ 197,506,611	\$ 187,034,265	\$ 175,867,666
9,614,036	8,063,704	6,669,541	9,944,113	7,524,218	18,232,657
17,825,182	29,004,650	28,447,427	25,107,500	36,664,811	25,022,020
<u>\$ 228,798,243</u>	<u>\$ 240,285,317</u>	<u>\$ 245,676,459</u>	<u>\$ 232,558,224</u>	<u>\$ 231,223,294</u>	<u>\$ 219,122,343</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
1,013,492	1,026,865	1,016,648	995,792	956,834	982,404
<u>\$ 1,013,492</u>	<u>\$ 1,026,865</u>	<u>\$ 1,016,648</u>	<u>\$ 995,792</u>	<u>\$ 956,834</u>	<u>\$ 982,404</u>
\$ 201,359,025	\$ 203,216,963	\$ 210,559,491	\$ 197,506,611	\$ 187,034,265	\$ 175,867,666
9,614,036	8,063,704	6,669,541	9,944,113	7,524,218	18,232,657
18,838,674	30,031,515	29,464,075	26,103,292	37,621,645	26,004,424
<u>\$ 229,811,735</u>	<u>\$ 241,312,182</u>	<u>\$ 246,693,107</u>	<u>\$ 233,554,016</u>	<u>\$ 232,180,128</u>	<u>\$ 220,104,747</u>

CITY OF ALPHARETTA, GEORGIA

CHANGES IN NET POSITION LAST TEN FISCAL YEARS

(accrual basis of accounting)

	2018	2017	2015	2014
Expenses				
Governmental activities (1):				
General government	\$ 21,454,576	\$ 29,135,914	\$ 11,509,627	\$ 12,065,471
Public safety	32,400,805	30,123,186	30,252,024	32,637,732
Public works	10,681,676	14,533,961	19,358,138	17,529,801
Community development	6,553,596	5,772,585	5,416,361	5,183,616
Culture and recreation	14,990,020	10,686,154	9,191,257	8,111,598
Interest on long-term debt	3,995,843	3,835,898	1,556,382	1,606,823
Total governmental activities expenses	90,076,516	94,087,698	77,283,789	77,135,041
Business-type activities:				
Solid waste	3,818,643	3,274,907	3,077,407	3,264,095
Total business-type activities expenses	3,818,643	3,274,907	3,077,407	3,264,095
Total primary government expenses	\$ 93,895,159	\$ 97,362,605	\$ 80,361,196	\$ 80,399,136
Program Revenues				
Governmental activities:				
Charges for services (3):				
General government	\$ 131,490	\$ 3,614,607	\$ 3,614,607	\$ 3,318,538
Public safety	6,948,160	4,811,153	4,811,153	5,752,584
Public works	-	32,726	32,726	32,726
Community development	4,921,134	4,765,125	4,765,125	3,628,850
Culture and recreation	2,283,361	2,248,077	2,248,077	1,820,871
Operating grants and contributions	918,641	591,849	591,849	636,727
Capital grants and contributions (4)	4,300,025	17,803,410	17,803,410	3,299,374
Total governmental activities program revenues	19,502,811	33,866,947	33,866,947	18,489,670
Business-type activities:				
Charges for services:				
Solid waste	3,851,806	3,225,033	3,225,033	3,215,238
Total business-type activities program revenues	3,851,806	3,225,033	3,225,033	3,215,238
Total primary government program revenues	\$ 23,354,617	\$ 37,091,980	\$ 37,091,980	\$ 21,704,908
Net (expense)/revenue				
Governmental activities	\$ (70,573,705)	\$ (43,416,842)	\$ (43,416,842)	\$ (58,645,371)
Business-type activities	33,163	147,626	147,626	(48,857)
Total primary government net expense	\$ (70,540,542)	\$ (43,269,216)	\$ (43,269,216)	\$ (58,694,228)

(continued)

	2013	2012	2011	2010	2009	2008
\$	11,463,544	\$ 12,321,146	\$ 10,825,565	\$ 8,731,761	\$ 9,424,951	(8 \$ 13,555,184
	27,912,188	26,435,109	25,811,403	25,935,466	25,425,405	25,257,385
	14,035,094	17,291,919	13,955,690	17,823,080	12,201,036	(8) 8,851,486
	4,774,226	8,668,317	3,901,289	3,883,385	3,676,652	3,864,513
	7,834,329	7,139,273	7,324,834	7,049,036	7,127,575	7,235,369
	1,807,273	1,860,527	1,766,432	1,632,890	1,737,171	2,400,013
	<u>67,826,654</u>	<u>73,716,291</u>	<u>63,585,213</u>	<u>65,055,618</u>	<u>59,592,790</u>	<u>61,163,950</u>
	<u>3,213,392</u>	<u>3,197,191</u>	<u>3,144,127</u>	<u>3,048,205</u>	<u>2,677,687</u>	<u>2,525,644</u>
	<u>3,213,392</u>	<u>3,197,191</u>	<u>3,144,127</u>	<u>3,048,205</u>	<u>2,677,687</u>	<u>2,525,644</u>
\$	<u><u>71,040,046</u></u>	<u><u>76,913,482</u></u>	<u><u>66,729,340</u></u>	<u><u>68,103,823</u></u>	<u><u>62,270,477</u></u>	<u><u>63,689,594</u></u>
\$	2,843,024	\$ 2,967,937	\$ 3,262,882	\$ 3,791,391	\$ 3,921,041	\$ 4,461,205
	5,138,078	5,156,890	5,011,033	4,704,105	3,788,809	3,208,110
	88,191	36,268	12,304	14,214	10,543	27,799
	2,725,927	1,577,213	2,301,293	2,051,232	1,524,015	1,145,558
	1,709,555	2,023,639	2,019,465	1,869,572	1,840,027	1,968,879
	397,870	398,524	82,200	85,049	180,396	689,900
	1,662,642	4,733,378	14,284,321	3,397,529	9,084,587	(2) 3,962,277
	<u>14,565,287</u>	<u>16,893,849</u>	<u>26,973,498</u>	<u>15,913,092</u>	<u>20,349,418</u>	<u>15,463,728</u>
	<u>3,194,769</u>	<u>3,204,318</u>	<u>3,160,503</u>	<u>3,083,736</u>	<u>2,645,368</u>	<u>2,633,974</u>
	<u>3,194,769</u>	<u>3,204,318</u>	<u>3,160,503</u>	<u>3,083,736</u>	<u>2,645,368</u>	<u>2,633,974</u>
\$	<u><u>17,760,056</u></u>	<u><u>20,098,167</u></u>	<u><u>30,134,001</u></u>	<u><u>18,996,828</u></u>	<u><u>22,994,786</u></u>	<u><u>18,097,702</u></u>
\$	(53,261,367)	\$ (56,822,442)	\$ (36,611,715)	\$ (49,142,526)	\$ (39,243,372)	\$ (45,700,222)
	(18,623)	7,127	16,376	35,531	(32,319)	108,330
\$	<u><u>(53,279,990)</u></u>	<u><u>(56,815,315)</u></u>	<u><u>(36,595,339)</u></u>	<u><u>(49,106,995)</u></u>	<u><u>(39,275,691)</u></u>	<u><u>(45,591,892)</u></u>

CITY OF ALPHARETTA, GEORGIA

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

	2018	2017	2016	2015
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	\$ 27,953,119	\$ 25,833,303	\$ 24,216,991	\$ 23,681,167
Sales taxes	26,669,576	14,953,985	14,757,780	13,575,938
Franchise taxes (5)	6,177,460	6,630,390	6,682,041	6,235,684
Hotel/Motel occupancy tax (5)	7,665,868	6,391,857	4,637,950	4,137,790
Business taxes (5)	5,387,059	4,981,704	4,425,286	4,227,363
Other taxes (5)	3,129,297	3,003,685	2,767,730	2,243,736
Unrestricted investment earnings	1,152,024	201,044	75,916	124,173
Gain on sale of capital assets	-	351,990	103,910	-
Miscellaneous	-	30,188	-	-
Transfers	-	-	-	-
Total governmental activities	78,134,403	62,378,146	57,667,604	54,225,851
Business-type activities:				
Unrestricted investment earnings	19,817	8,598	3,131	5,250
Miscellaneous	-	-	-	-
Transfers	-	-	-	-
Total business-type activities	19,817	8,598	3,131	5,250
Total primary government	\$ 78,154,220	\$ 62,386,744	\$ 57,670,735	\$ 54,231,101
Change in Net Position				
Governmental activities	\$ 7,560,698	\$ 18,961,304	\$ 14,250,762	\$ (4,419,520)
Business-type activities	52,980	156,224	150,757	(43,607)
Total primary government	\$ 7,613,678	\$ 19,117,528	\$ 14,401,519	\$ (4,463,127)

- (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 2009, the economy across the state and country suffered causing the sale of construction license and permits to significantly decrease.
- (4) 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.
- (5) 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.

	2014	2013	2012	2011	2010	2009
\$	23,055,884	\$ 21,451,396	\$ 24,818,984	\$ 25,988,259	\$ 26,400,456	\$ 25,223,033
	12,173,275	12,239,330	11,230,204	11,174,798	10,696,787	11,263,805
	6,346,008	6,430,151	6,152,869	6,017,828	5,838,582	5,378,667
	3,859,498	3,364,193	3,133,641	2,831,888	3,062,307	3,674,176
	4,072,729	3,912,564	3,023,400	3,096,541	3,155,734	3,138,828
	2,318,455	2,244,577	2,033,759	1,884,379	1,793,318	1,841,631
	97,018	87,739	84,599	350,630	1,333,572	2,363,020
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	(605)
	<u>51,922,867</u>	<u>49,729,950</u>	<u>50,477,456</u>	<u>51,344,323</u>	<u>52,280,756</u>	<u>52,882,555</u>
	3,090	4,480	3,427	6,749	30,191	59,190
	-	-	-	-	-	-
	-	-	-	-	-	605
	<u>3,090</u>	<u>4,480</u>	<u>3,427</u>	<u>6,749</u>	<u>30,191</u>	<u>59,795</u>
\$	<u>51,925,957</u>	<u>49,734,430</u>	<u>50,480,883</u>	<u>51,351,072</u>	<u>52,310,947</u>	<u>52,942,350</u>
\$	(1,338,500)	\$ (7,092,492)	\$ 13,865,741	\$ 2,201,797	\$ 13,037,384	\$ 7,182,333
	(15,533)	11,607	19,803	42,280	(2,128)	168,125
\$	<u>(1,354,033)</u>	<u>(7,080,885)</u>	<u>13,885,544</u>	<u>2,244,077</u>	<u>13,035,256</u>	<u>7,350,458</u>

CITY OF ALPHARETTA, GEORGIA

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Hotel/Motel Occupancy Tax</u>
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
2016	25,833,303	14,953,985	6,630,390	6,391,857
2017	27,218,360	14,943,853	6,357,342	9,566,630
2018	27,953,119	26,669,576	6,177,460	7,665,868

	Business Taxes	Other Taxes	Total
\$	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
	4,981,704	3,003,685	61,794,924
	5,160,501	3,092,041	66,338,727
	5,387,059	3,129,297	76,982,379

CITY OF ALPHARETTA, GEORGIA

**FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

(modified accrual basis of accounting)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Assigned:				
Book revenue	-	17,973	17,973	17,973
Subsequent budget appropriations	6,100,065	8,842,313	6,049,857	5,018,236
Unassigned	18,537,018	19,600,065	21,222,540	18,549,859
Total general fund	<u>\$ 24,637,083</u>	<u>\$ 28,460,351</u>	<u>\$ 27,290,370</u>	<u>\$ 23,586,068</u>
All other governmental funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds (1)	-	-	-	-
Restricted:				
Capital projects	53,096,354	60,610,599	27,175,844	2,986,088
Law enforcement	323,177	1,460,509	1,752,596	1,974,755
Emergency telephone services	1,851,911	1,827,068	2,122,857	2,150,699
Grant projects	-	-	-	-
Tourism	1,770,515	1,505,262	950,567	-
Debt service	1,032,049	1,250,405	814,051	845,511
Promotion of tourism	-	-	-	-
Assigned:				
Grant projects	260,549	38,982	39,857	364,190
Capital projects	14,294,222	15,130,110	6,114,004	5,667,535
Unassigned:	-	(197,470)	(2,286,335)	-
Total all other governmental funds	<u>\$ 72,628,777</u>	<u>\$ 81,625,465</u>	<u>\$ 36,683,441</u>	<u>\$ 13,988,778</u>

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

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

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011 (1)</u>	<u>2010</u>	<u>2009</u>
\$ -	\$ -	\$ -	\$ -	\$ 63,663	\$ 33,154
-	-	-	-	18,815,691	21,262,328
-	-	-	-	-	-
4,105,260	5,684,667	4,661,795	4,441,136	-	-
16,768,236	15,266,611	16,668,503	16,123,905	-	-
<u>\$ 20,873,496</u>	<u>\$ 20,951,278</u>	<u>\$ 21,330,298</u>	<u>\$ 20,565,041</u>	<u>\$ 18,879,354</u>	<u>\$ 21,295,482</u>
\$ -	\$ -	\$ -	\$ -	\$ 10,508,967	\$ 11,653,684
-	-	-	-	3,711,378	3,087,843
-	-	-	-	19,154,319	16,364,581
14,896,779 (2)	28,411,579 (2)	31,250,773	4,411,296	-	-
2,099,710	2,116,404	1,716,204	1,281,939	-	-
3,971,699	3,325,910	2,486,266	1,915,839	-	-
-	-	-	610,351	-	-
-	-	-	-	-	-
913,165	745,672	327,547	4,948,377	-	-
-	11,114	11,081	10,947	-	-
698,318	325,292	85,510	103,241	-	-
6,747,056	6,415,189	5,001,690	4,055,233	-	-
-	-	(1,188,792)	-	-	-
<u>\$ 29,326,727</u>	<u>\$ 41,351,160</u>	<u>\$ 39,690,279</u>	<u>\$ 17,337,223</u>	<u>\$ 33,374,664</u>	<u>\$ 31,106,108</u>

CITY OF ALPHARETTA, GEORGIA

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenues				
Property taxes	\$ 27,920,695	\$ 27,262,172	\$ 25,841,451	\$ 24,274,577
Sales tax	26,669,576	17,412,634	14,953,985	14,757,780
Other taxes	22,359,684	21,707,749	21,007,620	18,520,227
Licenses and permits	3,403,611	4,222,432	3,814,821	2,912,433
Intergovernmental	3,774,694	12,733,728	8,870,676	3,570,796
Contributions and donations	467,484	953,912	793,450	171,226
Charges for services	6,317,352	6,364,262	6,788,274	6,502,793
Impact fees	1,346,589	1,449,478	1,425,667	529,004
Fines and forfeitures	2,054,812	2,463,790	2,453,134	3,537,448
Investment earnings	1,152,024	560,590	201,044	75,916
Miscellaneous	167,268	196,279	200,484	305,071
Total revenues	<u>95,633,789</u>	<u>95,327,026</u>	<u>86,350,606</u>	<u>75,157,271</u>
Expenditures				
General government	16,560,677	27,000,660	10,222,722	10,182,488
Public safety	31,843,942	28,912,695	28,735,794	30,830,566
Public works	9,939,770	8,820,932	7,288,023	7,008,688
Community development	6,539,525	5,738,401	5,356,302	5,127,170
Culture and recreation	21,102,795	13,248,613	8,129,640	6,670,048
Capital outlay	15,696,812	19,496,900	22,500,926	23,759,144
Intergovernmental	-	-	-	20,000
Debt service				
Principal	3,727,824	3,597,331	2,964,225	2,772,528
Interest	3,700,476	3,378,768	1,476,940	1,574,813
Other charges	-	361,301	-	-
Total expenditures	<u>109,111,821</u>	<u>110,555,601</u>	<u>86,674,572</u>	<u>87,945,445</u>
Excess (deficiency) of revenues over (under) expenditures	(13,478,032)	(15,228,575)	(323,966)	(12,788,174)
Other financing sources (uses)				
Transfers in	16,897,064	13,218,136	12,184,381	9,325,180
Transfers out	(16,897,064)	(13,218,136)	(12,184,381)	(9,325,180)
General obligation bond proceeds	-	50,855,000	-	-
Premium on bond issuance	-	1,527,686	-	-
Payments to refunding escrow	-	-	-	-
Capital leases	504,024	3,695,447	709,742	-
Issuance of intergovernmental payable	-	-	24,720,000	-
Sale of capital assets	154,052	5,262,447	1,293,189	162,797
Total other financing sources (uses)	<u>658,076</u>	<u>61,340,580</u>	<u>26,722,931</u>	<u>162,797</u>
Net change in fund balances	<u>\$ (12,819,956)</u>	<u>\$ 46,112,005</u>	<u>\$ 26,398,965</u>	<u>\$ (12,625,377)</u>
Debt service as a percentage of noncapital expenditures	8.9%	7.8%	6.1%	6.1%
Total debt service expenditures	7,428,300	6,976,099	4,347,341	4,347,341
Total non-capital expenditures	83,907,494	88,878,648	71,537,644	71,537,644

- (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.

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$	23,696,658	\$ 23,127,131	\$ 23,226,420	\$ 25,175,624	\$ 25,940,049	\$ 26,363,736
	13,575,938	12,173,275	12,239,330	11,230,204	11,174,798	10,696,787
	16,837,353	16,596,690	15,951,485	14,343,669	13,830,636	13,849,941
	2,400,059	1,859,213	2,201,211	1,819,139	1,497,744	1,369,379
	2,691,949	8,104,863	5,412,258	1,417,580	1,018,726	2,654,411
	536,309	116,510	25,277	96,957	1,038,048	1,185,269
	5,563,630	5,136,187	5,184,606	5,194,559	4,640,288	4,646,782
	337,108	158,038	468,657	251,116	104,486	591,847
	2,865,931	3,356,903	3,930,119	4,235,789	3,867,865	3,726,714
	124,173	97,018	87,739	84,599	350,630	1,204,047
	<u>222,412</u>	<u>357,667</u>	<u>225,280</u>	<u>405,286</u>	<u>295,292</u>	<u>476,829</u>
	<u>68,851,520</u>	<u>71,083,495</u>	<u>68,952,382</u>	<u>64,254,522</u>	<u>63,758,562</u>	<u>66,765,742</u>
	9,900,168	9,235,058	8,859,577	7,805,079	7,390,748	8,394,078
	26,448,052	25,074,754	24,696,668	24,489,746	23,891,333	23,656,964
	6,819,823	6,700,695	6,580,587	6,343,910	7,025,225	7,312,275
	4,742,837	4,340,018	3,934,018	3,813,176	3,624,923	3,741,557
	6,248,603	6,128,106	6,140,771	6,139,829	6,168,144	6,303,376
	23,061,757	15,166,479	17,732,749	20,157,683	4,729,958	9,724,389
	40,000	4,130,000	-	-	-	-
	2,609,414	4,576,564	6,348,904	8,580,773	8,109,879	7,624,937
	1,638,871	1,966,171	1,370,126	1,522,673	1,789,637	2,438,731
	170,000	-	400,334	-	-	153,513
	<u>81,679,525</u>	<u>77,317,845</u>	<u>76,063,734</u>	<u>78,852,869</u>	<u>62,729,847</u>	<u>69,349,820</u>
	(12,828,005)	(6,234,350)	(7,111,352)	(14,598,347)	1,028,715	(2,584,078)
	9,750,177	8,994,917	10,291,074	6,837,811	8,143,936	7,867,835
	(9,750,177)	(8,994,917)	(10,683,574)	(7,564,111)	(9,393,322)	(7,867,835)
	17,695,000	-	29,000,000	-	-	8,620,000
	-	-	1,001,322	-	-	-
	(17,518,423)	-	-	-	-	(8,624,872)
	-	3,290,981	487,153	725,000	-	-
	-	4,130,000	-	-	-	-
	549,213	95,230	133,690	247,893	73,099	244,000
	<u>725,790</u>	<u>7,516,211</u>	<u>30,229,665</u>	<u>246,593</u>	<u>(1,176,287)</u>	<u>239,128</u>
\$	<u>(12,102,215)</u>	<u>\$ 1,281,861</u>	<u>\$ 23,118,313</u>	<u>\$ (14,351,754)</u>	<u>\$ (147,572)</u>	<u>\$ (2,344,950)</u>
	7.0%	9.5%	12.5%	15.7%	16.8%	16.6%
	4,248,285	6,542,735	7,719,030	10,103,446	9,899,516	10,063,668
	61,061,593	68,579,162	61,764,450	64,544,837	59,080,042	60,507,757

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
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
2016	25,841,451	14,953,985	6,630,390	449,164	2,053,173	11,874,893	61,803,056
2017	27,262,172	17,412,634	6,357,342	302,977	2,113,121	12,934,309	66,382,555
2018	27,920,695	26,669,576	6,177,460	222,688	2,210,031	13,749,505	76,949,955

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
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
2016	2,169,172,670	2,755,306,162	130,611,730	29,923
2017	2,238,392,880	2,907,419,873	91,948,620	64,228
2018	2,274,153,290	3,058,277,943	62,542,690	662,682

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.

<u>Less: Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
\$ 479,617,470	\$ 4,676,897,795	6.25	\$ 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	4,094,949,606	5.75	11,562,136,290	40.00%
523,053,335	4,532,067,150	5.75	12,637,801,213	40.00%
642,812,340	4,595,013,261	5.75	13,094,564,003	40.00%
640,291,164	4,755,345,441	5.75	13,489,091,513	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	Debt Total City Millage	Operating Millage	Service Millage	Total County Millage	Operating Millage	Service Millage	Total School Millage		
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	36.403
2016	2015	5.000	0.750	5.750	10.450	0.250	10.700	18.483	0.000	18.483	0.000	34.933
2017	2016	4.620	1.130	5.750	10.450	0.250	10.700	18.483	0.000	18.483	0.000	34.933
2018	2017	4.720	1.030	5.750	10.380	0.025	10.405	18.546	0.000	18.546	0.000	34.701

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**

<u>Fiscal Year</u>	<u>State of Georgia</u>	<u>Local Option Sales Tax</u>	<u>Metropolitan Atlanta Regional Transportation</u>	<u>Fulton County Board of Education</u>	<u>Transportation Special Purpose Local Option Sales Tax</u>	<u>Total Overlapping Rates</u>
2009	4.00 %	1.00 %	1.00 %	1.00 %	0.00 %	7.00 %
2010	4.00	1.00	1.00	1.00	0.00	7.00
2011	4.00	1.00	1.00	1.00	0.00	7.00
2012	4.00	1.00	1.00	1.00	0.00	7.00
2013	4.00	1.00	1.00	1.00	0.00	7.00
2014	4.00	1.00	1.00	1.00	0.00	7.00
2015	4.00	1.00	1.00	1.00	0.00	7.00
2016	4.00	1.00	1.00	1.00	0.00	7.00
2017	4.00	1.00	1.00	1.00	0.75	7.75
2018	4.00	1.00	1.00	1.00	0.75	7.75

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 5.8367% 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	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Avalon	\$ 81,397,190	1	1.71 %	\$ -		
GGP North Point Inc	66,860,680	2	1.41	67,468,760		1.44 %
F7 NWO LLC	64,700,840	3	1.36	-	1	
Sanctuary Acquisitions West LLC	54,504,840	4	1.15	-		
Gardner Drive LLC	43,030,360	5	0.90	58,120,320	3	1.24
BRI 1870 North Point LLC	35,071,040	6	0.74	-		
Royal Centre LLC	31,200,000	7	0.66	-		
LWV TPA GA 400 LLC	29,967,800	8	0.63	-		
AMLI at Milton Park LLC	26,655,840	9	0.56	27,285,720	9	0.58
PPF AmlI Mansell Road LLC	26,523,680	10	0.56			
Cousins Properties	-		-	61,878,460	2	1.32
Duke Realty	-		-	51,817,830	4	1.11
CH Realty IV Royal Centre LLC	-		-	36,000,000	5	0.77
Northside Ventures Inc.	-		-	32,679,320	6	0.70
Weeks Realty LP	-		-	30,370,440	7	0.65
Metropolitan Life Insurance Co	-		-	28,710,920	8	0.61
HBO & CO of GA	-		-	22,597,560	10	0.48
Totals	\$ 459,912,270		9.67 %	\$ 416,929,330		8.91 %

Source: Fulton County Board of Assessors

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

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Total Tax Levy</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
			<u>Amount</u>	<u>Pct. of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2009	2008	\$ 25,141,403	\$ 24,170,200	96.14 %	\$ 943,445	\$ 25,113,645	99.89 %
2010	2009	24,736,634	24,113,565	97.48	593,358	24,706,923	99.88
2011	2010	23,176,061	22,902,145	98.82	250,009	23,152,154	99.90
2012	2011	22,020,800	21,691,376	98.50	309,179	22,000,555	99.91
2013	2012	21,542,122	21,113,760	98.01	404,534	21,518,294	99.89
2014	2013	21,419,762	21,144,336	98.71	243,995	21,388,331	99.85
2015	2014	22,169,757	22,009,987	99.28	134,254	22,144,241	99.88
2016	2015	24,397,030	23,810,905	97.60	553,443	24,364,347	99.87
2017	2016	25,769,052	25,141,619	97.57	570,683	25,712,301	99.78
2018	2017	26,479,723	26,254,863	99.15	-	26,254,863	99.15

Source: Fulton County Tax Commissioner's Office.

CITY OF ALPHARETTA, GEORGIA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				Business-type Activities	Net Total Primary Government	Percentage of Estimated Actual Taxable Value of Property	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Capital Leases	Notes Payable	Fund Balance Restricted to Debt Service	Revenue Bonds		Percentage of Estimated Actual Taxable Value of Property		
2009	\$ 42,050,000	\$ 1,845,562	\$ 971,850	\$ (8,875,237)	\$ -	\$ 35,992,175	0.28 %	1.46 %	\$ 688
2010	34,270,000	1,560,232	927,300	(6,811,110)	-	29,946,422	0.24	1.47	570
2011	26,220,000	1,841,909	839,850	(4,948,377)	-	23,953,382	0.20	0.98	416
2012	49,280,000	2,010,908	749,100	(327,547)	-	51,712,461	0.44	1.96	871
2013	48,753,210	2,525,200	4,784,225	(745,672)	-	55,316,963	0.47	1.97	892
2014	48,541,210	2,088,963	4,626,050	(913,165)	-	54,343,058	0.47	1.98	872
2015	46,403,302	1,638,734	4,358,750	(845,511)	-	51,555,275	0.45	1.96	818
2016	44,084,193	1,784,850	28,803,150	(814,051)	-	73,858,142	0.58	2.72	1,160
2017	93,809,170	4,758,516	28,522,600	(1,250,405)	-	125,839,881	0.96	4.26	1,941
2018	91,088,614	4,465,216	28,232,100	(1,032,049)	-	122,753,881	0.91	4.05	1,866

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 (3)	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
2009	\$ 33,174,763	0.26 %	\$ 634
2010	27,458,890	0.22	523
2011	21,271,623	0.18	369
2012	48,952,453	0.42	824
2013	48,007,538	0.41	775
2014	47,628,045	0.41	765
2015	45,557,791	0.39	723
2016	43,270,142	0.34	679
2017	92,558,765	0.71	1,428
2018	90,056,565	0.67	1,369

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.

(3) Bonds are shown net of externally restricted resources for the repayment of the bonded debt.

CITY OF ALPHARETTA, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT JUNE 30, 2018

	Net General Obligations Bonded Debt Outstanding	Percentage Applicable to City of Alpharetta (1)	Amount Applicable to City of Alpharetta
Overlapping General Obligation Debt:			
Fulton County, Georgia	\$ 250,294,000	7.8%	\$ 19,522,932
Fulton County Board of Education	42,520,000	15.5%	6,590,600
Subtotal, overlapping debt	292,814,000		26,113,532
City of Alpharetta direct debt	122,753,881	100.0%	122,753,881
Total direct and overlapping debt	\$ 415,567,881		\$ 148,867,413

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

	2018	2017	2016	2015
Debt limit	\$ 539,563,661	\$ 523,782,560	\$ 505,512,049	\$ 462,485,482
Total net debt applicable to limit	90,056,565	92,558,764	43,270,142	45,562,966
Legal debt margin	\$ 449,507,096	\$ 431,223,796	\$ 462,241,907	\$ 416,922,516
Total net debt applicable to the limit as a percentage of debt limit	17%	18%	9%	10%

Legal Debt Margin Calculation for Current Fiscal Year

Assessed value	\$ 4,755,345,441
Add back: exempt real property	640,291,164
Total assessed value	5,395,636,605
Debt limit (10% of total assessed value)	539,563,661
Debt applicable to limit:	
General obligation bonds	91,088,614
Less: Amount set aside for repayment of general obligation debt	(1,032,049)
Total net debt applicable to limit	90,056,565
Legal debt margin	\$ 449,507,096

2014	2013	2012	2011	2010	2009
\$ 460,476,790	\$ 465,989,704	\$ 470,312,783	\$ 479,413,845	\$ 498,525,167	\$ 515,651,527
<u>47,655,000</u>	<u>48,007,538</u>	<u>48,952,453</u>	<u>21,271,623</u>	<u>27,458,890</u>	<u>33,174,764</u>
<u>\$ 412,821,790</u>	<u>\$ 417,982,166</u>	<u>\$ 421,360,330</u>	<u>\$ 458,142,222</u>	<u>\$ 471,066,277</u>	<u>\$ 482,476,763</u>
10%	10%	10%	4%	6%	6%

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

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Median Age (3)	Education Levels in Years of Formal Schooling (4)	School Enrollment (4)	Unemployment Rate (2)
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	11,861	6.2
2014	62,298	2,750,020,614	44,143	35.8	16.0	11,818	5.9
2015	63,038	2,636,312,198	41,821	36.4	16.0	11,603	4.8
2016	63,693	2,716,124,292	42,644	36.4	16.0	11,388	4.3
2017	64,820	2,953,069,560	45,558	37.0	16.0	11,173	4.3
2018	65,799	3,034,189,287	46,113	37.4	16.0	12,695	2.9

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.

Fiscal Year 2008 and 2013 through 2016 have been adjusted based upon trend data.

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.

* Revised to latest data available from Georgia Department of Labor.

CITY OF ALPHARETTA, GEORGIA

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

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
McKesson Technology Solutions	2,450	1	2.88 %	1,500	4	1.42 %
AT&T Inc/Data Center	2,200	2	2.58	3,500	1	3.31
ADP, Inc.	2,100	3	2.47	2,100	3	1.99
Fiserv	2,000	4	2.35			
Lexis Nexis Risk Solutions	1,225	5	1.44			
UPS Supply Chain Solutions General Services	1,200	6	1.41	880	7	0.83
Delta Dental Insurance Company	1,000	7	1.17			
Equifax Inc. Data Center	1,000	8	1.10			
Verizon Enterprise	900	9	1.06	3,000	2	2.84
Travelers Insurance	800	10	0.94			
Hewlett-Packard Company/Data Center	-		-	1,200	5	1.13
Choice Point	-		-	1,100	6	1.04
AIG Agency Auto	-		-	800	8	0.76
Comcast Cable Communications Inc/Call Center	-		-	750	9	0.71
Lucent	-		-	700	10	0.66
	<u>14,875</u>		<u>17.40 %</u>	<u>15,530</u>		<u>14.69 %</u>

Sources: City of Alpharetta Community Development Department

CITY OF ALPHARETTA, GEORGIA

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

Function	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
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	10.0	10.0	11.0	11.0	14.0	14.0	11.0	10.0	10.0	10.0
Finance	22.5	22.5	22.5	25.0	22.5	25.0	26.0	26.0	26.0	25.0
Human Resources	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	6.0
Municipal Court	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Information Technology	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	13.0
Community Development	26.0	26.0	23.0	23.0	23.0	20.0	20.0	21.0	21.0	21.0
Public Safety	253.0	251.0	246.5	246.0	246.0	240.0	240.0	238.0	238.0	238.0
Public works	52.0	52.0	55.0	59.0	59.0	62.0	62.0	62.0	62.0	62.0
Culture and recreation	51.0	51.0	51.0	54.0	51.0	51.0	51.0	51.0	51.0	51.0
Total	444.5	442.5	439.0	449.0	446.5	443.0	441.0	439.0	439.0	442.0

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

	2018	2017	2016	2015	2014	2013	2,012	2011	2010	2009
Function										
General government										
Ordinances approved	19	14	22	14	13	10	13	12	20	35
Special events held	115	119	115	127	104	95	90	62	62	65
Court cases heard	11,320	14,400	14,938	10,996	13,791	17,498 (1)	18,946 (1)	21,336 (1)	9,859	12,449
Bond rating	Aaa/AAA	Aaa/AAA	Aaa/AAA	Aaa/AAA	Aaa/AAA	Aa1-AAA	Aa1-AAA	Aa1-AAA	Aa1-AAA	Aa1-AAA
Software applications supported	103	99	123	115	124	157	164	173	172	179
Grants managed	10	39	32	35	42	44	40	43	40	30
Police										
Calls for service	80,773	80,105	68,484	71,302	77,967	77,156	70,711	74,773	82,499	74,966
Part 1 crimes reported	1,563	1,515	1,626	1,577	1,655	1,627	1,797	1,486	1,676	1,126
Traffic citations issued	17,176	20,764	14,375	22,316	26,478	24,316	22,517	21,561	23,621	18,727
Fire										
Incident responses	7,219	7,037	6,515	6,374	6,305	5,984	5,268	5,410	6,143	6,197
Average response time	4:29	3:04	6:06	6:10	3:29	3:40	6:18	6:18	6:46	6:24
Fire safety programs conducted	616	401	257	149	159	146	176	146	145	126
Inspections conducted	12,333	10,215	9,494	8,914	7,253	7,048	7,215	7,269	7,216	7,404
Highways and streets										
Traffic signals timed	126	126	57	56	49	54	51	50	40	56
Average days to repair pothole	1	1	2	1	1	1	1	1	1	2
Stormwater plans reviewed	160	162	128	122	106	163	133	133	103	161
Community development										
New building permits issued	5,902	5,333	4,816	5,018	3,892	3,287	2,995	2,516	2,360	3,352
Parcels annexed	-	-	-	-	-	-	-	-	1	-
Culture and recreation										
Park acres maintained	360	360	320	320	312	312	312	312	311	311
Greenway acres maintained	250	250	250	250	206	206	206	206	205	205
Annual program registrants	52,823	41,025	38,400	41,450	37,310	36,191	26,366	20,106	20,132	21,135

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	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2,012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units and support vehicles	168	172	158	158	158	155	135	146	139	145
Police motorcycles	6	6	8	8	8	8	8	7	7	7
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	1	1
Ladder units - reserve	1	1	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	225	223	225	214	214	214	214	218	270
Streets - unpaved (miles)	2	2	2	2	1	1	1	1	1	1
Sidewalk (miles)	223	220	220	220	214	212	211	205	205	202
Drainage - piped (miles)	121	128	128	128	99	99	100	100	100	100
Drainage - open (miles)*	57	58	57	58	35	35	40	40	40	165
Culture and recreation										
Parks - active and passive	16	16	15	15	15	15	14	15	14	11
Park acreage	832	832	800	797	764	764	764	764	762	762
Greenway and walking trails (miles)	17	17	17	17	12	12	12	12	11	11
Adaptive athletic fields	1	1	1	1	1	1	1	1	1	1
Athletic fields	28	28	28	28	28	29	28	28	29	28
Equestrian facilities	1	1	1	1	1	1	1	1	1	1
Hockey rinks	2	2	2	2	2	2	2	2	2	2
Swimming pools	2	1	1	1	1	1	1	1	1	1
Tennis courts	17	17	17	17	17	17	17	17	17	17
Recreation buildings	26	26	21	20	20	20	20	20	20	18
Playgrounds	8	8	8	8	8	8	8	8	7	7
Picnic shelters/restrooms	34	34	24	24	24	24	24	33	31	31

Source: Various government departments

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

* Change due to update of GIS records