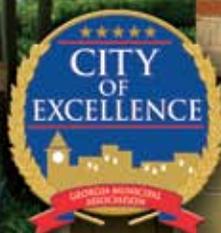


Alpharetta

GEORGIA • U S A

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2013





City of Alpharetta, Georgia

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2013

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

Submitted By:
Robert J. Regus
City Administrator



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Introductory Section

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**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, 2013. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls established for this purpose. Since the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

Mauldin & Jenkins, LLC, have issued an unqualified (“clean”) opinion on the City of Alpharetta’s financial statements for the year ended June 30, 2013. The independent auditor’s report is located at the front of the financial section of this report.

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

Our History

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

When the depression of the early 1930’s devastated the nation’s economy, Milton County found itself near bankruptcy. In order to save the area from disaster, it was decided that a merger of Milton County with Fulton County would be to everyone’s advantage. Today, Alpharetta represents one of fourteen incorporated cities/towns within Fulton County and is one of the fastest growing communities in the South. Its environment is considered ideal for raising families and living a quality lifestyle free from the problems found in so many similar sized cities.

Located approximately 25 miles north of the City of Atlanta, Alpharetta occupies a land area of approximately 27 square miles and serves an estimated population of 61,981. Population growth has been fueled in part by the City’s strong economic base as well as the annexation of surrounding communities. With the incorporation of the City of Milton and the City of John’s Creek, all unincorporated areas within north Fulton County have been absorbed. As such, future growth will be through internal development and redevelopment as opposed to annexation.

Government Profile

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

The City provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; and recreational activities and cultural events. Sanitation services are provided through relationships with private operators. The City created a legally separate entity, the Development Authority of Alpharetta, to assist with, among other things, capital funding. Financial information for the Development Authority has been included within this document and additional information can be found 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 sta-

bility 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.

Local Economy

The City enjoys a favorable economic environment with a significant commercial presence and strong employment base. More than 3,600 businesses currently enjoy the Alpharetta advantage. From the corporate campuses of global leaders to small, family-owned shops, these businesses have enjoyed strong returns on their Alpharetta investments.

Today Alpharetta's businesses employ in excess of 120,000 people, almost double the City's total population. The vast majority of these jobs have been created since the opening of North Point Mall in 1993; in fact, almost 70,000 jobs were created in the past five years alone. That is quite an impressive record for what was, in 1980, just a sleepy little town of 3,000 people.

In recent years Alpharetta has been catapulted into the national spotlight by publications such as USA Today and Yahoo! Internet Life as one of the leading locations for technology-focused businesses. In the heart of the largest fiber-linked network in the United States; just minutes away from one of the world's busiest airports, Atlanta Hartsfield-Jackson International Airport; and providing easy access to cutting-edge research universities, Alpharetta is the ideal location for companies on the forefront of the modern economy.

In order to continue to attract and retain technology companies for Alpharetta, the Mayor and Council have created the Alpharetta Technology Commission (ATC), the first organization of its kind in Georgia. ATC's mission is to identify and pursue top investment opportunities and assist in the creation of policy to facilitate the strongest possible climate for Alpharetta technology companies.

High level goals for the ATC include:

- Branding – create/implement a branding strategy for Alpharetta as the “Technology City of the South”.
- Incubation – facilitate funding opportunities for Alpharetta's technology companies.
- Infrastructure – develop and maintain a 15-year strategic infrastructure and incentive plan for the attraction/retention of Alpharetta's technology companies.

ATC members represent a cross section of Alpharetta's most talented technology companies and include:

- Legacy Firms – Amdocs, Hewlett-Packard, InFor Global Solutions, McKesson, Microsoft Corp, RedPrairie Corp, Siemens Industries, ThyssenKrupp Elevator Corp, Verint Systems Inc., and Verizon Business Networks.
- Emerging Firms – Edge Solutions, Jackson Healthcare, Lancope, Pyramid Consulting Inc., and Priority Payment Systems.
- Strategic Partners – Advanced Technology Development Center, Greater North Fulton Chamber of Commerce, Georgia Power Company, and Technology Association of Georgia.

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

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

Strategic Financial Planning

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

This philosophy is a foundation of our budget process as evidenced by City Administration's direction to departments that base operating budgets should be submitted in line with the City's revenue trends. Even with added cost drivers such as healthcare, departments responded with base operating budgets, for each activity and program, streamlined to function within the new revenue constraints.

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

The City has historically acknowledged the need to provide a taxation rate commensurate with the government's level of service while ensuring tax relief through efficient and effective management practices. The City levied a millage rate of 5.75 in fiscal year 2013 which, while flat with fiscal year 2012, allowed for the implementation of a recurring capital program of \$2.4 million (e.g. funds the milling & resurfacing of City streets, traffic equipment maintenance and replacement, fleet replacement, 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 FY 2013 totals \$40,000 and is more than double the amounts offered by our companion cities and saves our homeowners over \$2.6 million annually (equates to a 1.6 mill reduction for the average homeowner).

At the end of the current fiscal year, total fund balance for the general fund was \$20,951,278, which is a decrease of \$379,020 from the prior year. Due to conservative budgeting this decrease is millions less than was strategically forecasted as part of our fund balance/capital program discussed below. Approximately 27% of total fund balance, or \$5,684,667,

constitutes assigned fund balance for 2014 fiscal year expenditures.

Approximately 73% of total fund balance, or \$15,266,611, constitutes unassigned fund balance. This balance represents approximately 29% of 2014 budgeted expenditures. By ordinance, the City has mandated that such balance not be less than 16% of budgeted expenditures. This requirement allows the City to maintain an adequate reserve to cover unforeseen emergencies and/or revenue shortfalls. However, the current budgetary practice has been to reserve at least 21% for such purposes, representing \$11,180,000 at fiscal year end. The surplus after such emergency reserve will allow the City to fund one-time future capital in the amount of \$4,086,611 as part of the annual budget to be developed for fiscal year 2015.

These fund balances have resulted from the use of prudent fiscal policies and conservative budget practices and help to ensure the City's long-term financial stability.

Financial planning also involves ensuring that fiscal obligations are not only met but also entail, when appropriate, smoothing the effect to the taxpayer over a period that better matches the benefit. With significant debt falling off in fiscal year 2012, the City's voters approved the issuance of General Obligation debt aimed at spurring redevelopment in downtown Alpharetta (e.g. includes land for a new county funded public library, 5-acre public park, new City Hall, parking garage, and space for future private sector investment) while being fully funded within the City's current millage rate structure.

Relevant Financial Policies

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

Major Initiatives

During fiscal year 2013, the City completed the remaining projects identified in the \$26.6 million General Obligation Bonds, Series 2006. The purpose of these bonds consisted of four major projects: Public Safety (\$3,265,000); Parks and Recreation (\$5,030,000); Greenway Space (\$2,075,000); and Roads/Traffic/Transportation Improvements (\$16,268,436). During the year, the City spent the remaining \$532,021 of these bond proceeds on improvements the public demanded.

Traffic improvement, consisting of the continued networking of traffic signals into the City's transportation control system as well as intersection improvements aimed at improving traffic flow, is a high priority for the City of Alpharetta. The City completed intersection improvements at State Routes 9 and 120 which have alleviated congestion off of Academy Street and Haynes Bridge Road. The City also focuses on quality of life projects including sidewalk improvements along Church Street, Cumming Street, and Maxwell Road Sidewalk as well as various recreation improvements including a new interactive water splash pad/play area at the City Pool.

Also during 2013 the City allocated \$7.4 million of funding from various sources (e.g. General Fund, contribution from the Alpharetta Business Community, etc.) towards the capital improvement program. Projects funded include: infrastructure maintenance (e.g. milling and resurfacing of streets, signal system, striping, bridge maintenance, drainage, etc. \$2.2 million); sidewalks for Douglas Road (\$150,000) and North Point Parkway (\$325,000); drainage study and erosion control measures for Webb Bridge Park (\$375,000); drainage maintenance and improvements (\$800,000); enterprise data management, technology replacement, and GIS aerial mapping initiatives (\$420,000); recreation and parks facility maintenance (e.g. insulation replacement at Crabapple gym, multi-purpose floor replacement at Wills Park Recreation Center, baseball fence replacement for fields 1-3 at Wills Park, facility re-roofing, etc. \$232,000); city-wide fleet additions/replacements (\$675,000); etc.

As previously noted, the residents of Alpharetta overwhelmingly approved a referendum calling for the issuance of general obligation bonds in the principal amount of \$29,000,000. The bonds were issued for the purpose of funding the cost of providing for the acquisition, development, construction and equipping of a new city hall, a related parking structure and surrounding green space in downtown Alpharetta. This project is currently under construction with a ribbon cutting projected for the 3rd quarter of 2014.

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, 2012. 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 24th 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, 2012. 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 10th 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, 2013. 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 10th consecutive year that the City has received this prestigious award. This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements and have submitted it to GFOA to determine its eligibility for another award.

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

Respectfully submitted,



Thomas G. Harris
Director of Finance



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, 2012

Executive Director/CEO

Elected and Appointed Officials June 30, 2013

Elected Officials

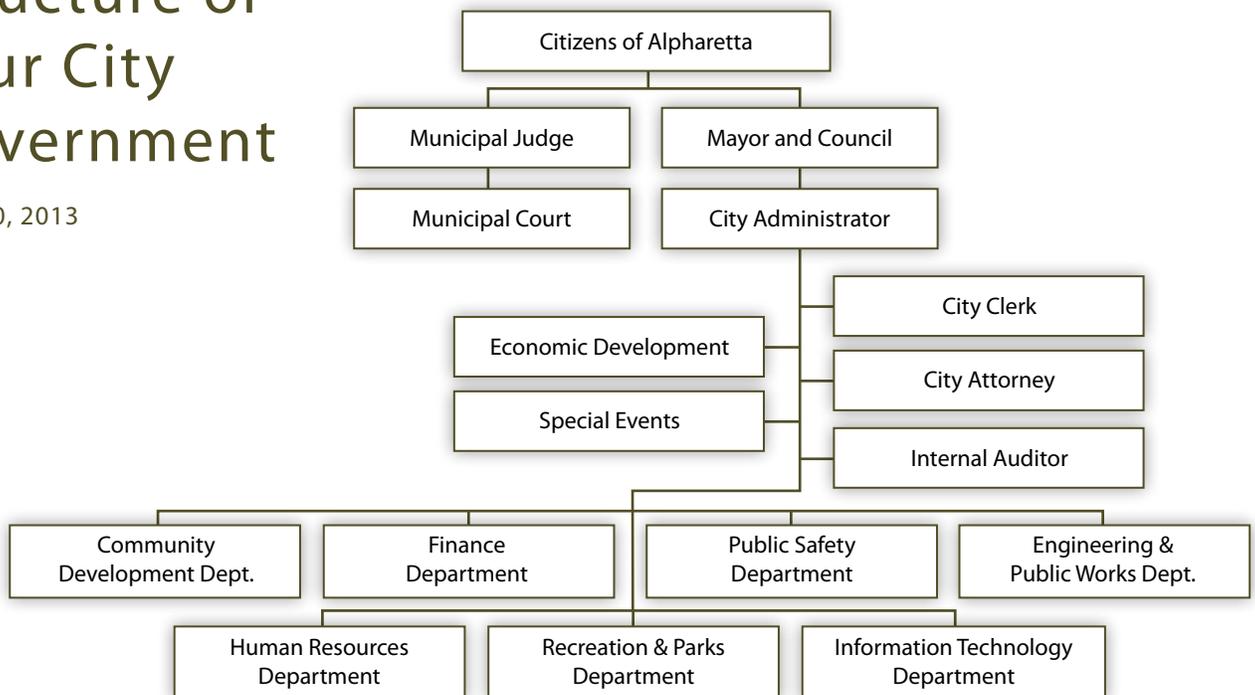
Mayor David Belle Isle
 Council Member – Post 1. Donald Mitchell
 Council Member – Post 2. Mike Kennedy
 Council Member – Post 3. Chris Owens
 Council Member – Post 4. Jim Gilvin
 Council Member – Post 5. Michael Cross
 Council Member – Post 6. D. C. Aiken
 Municipal Judge. Jim Matoney

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
 Engineering & Public Works Director . . . Pete Sewczwicz
 Information Technology Director. Randy Bundy
 Recreation & Parks Director Mike Perry
 Municipal Court Director Elizabeth Sahlin
 Public Safety Director. Gary George
 Community Development Director . . . Richard McLeod
 Economic Development Director Peter Tokar

Structure of Your City Government

June 30, 2013



Public Safety

The Alpharetta Public Safety Department is a modern and proactive law enforcement agency, combining police, fire, and emergency-911 services in a consolidated command and administrative structure. Responding with a coordinated emergency response, the Public Safety Department is committed to providing a safe, secure, and livable city for our residents, businesses, and visitors.

Included below are a sampling of fiscal year 2013 workload and performance measures for the Public Safety Department that track our efforts and corresponding results toward keeping Alpharetta safe.

In addition to public safety response services, the Public Safety

Department is actively engaged with our community. Public Safety personnel conducted informative crime prevention, identity theft, child safety, loss prevention, and various other presentations at 45 Police and Citizens Together (PACT) neighborhood meetings, 35 Business Watch meetings, 163 fire safety events, 44 business fire drills, 176 car seat inspections, and 60 scout/school/other meetings.

Through strong partnerships with our community, we can ensure Alpharetta remains safe, secure, and an excellent place to live, work, and play for the present and into the future.

Public Safety Performance Summary for the 12 months ending 6/30/2013

Sworn Police Officers	105
Top priority calls ¹	1,190
Violent/Property crimes:	
Arrests ²	299
Cleared cases ²	152
Other crimes:	
Drug arrests	198
DUI arrests	253
Other arrests ³	361
Certified Firefighters	96
Fire Incidents:	
Residential structure	41
Commercial/Industrial structure	6
Non-structure ⁴	56
Non-Fire incidents ⁵	5,647
Rescue/Recovery incidents	34
EMS incidents	3,132
Hazardous material incidents	48
911 calls	24,519

Top Priority Calls per 1,000 residents

Actual Number: **19.19**
 Alpharetta Target: **128.76**
 Benchmark⁶: **128.76**

Total Arrests per 1,000 residents

Actual Number: **17.92**
 Alpharetta Target: **62.64**
 Benchmark⁶: **62.64**

Fire Total Response Customer Time in minutes ⁷

Actual Number: **6.82**
 Alpharetta Target: **7.00**

Average Number of Seconds 911 Phone Rings

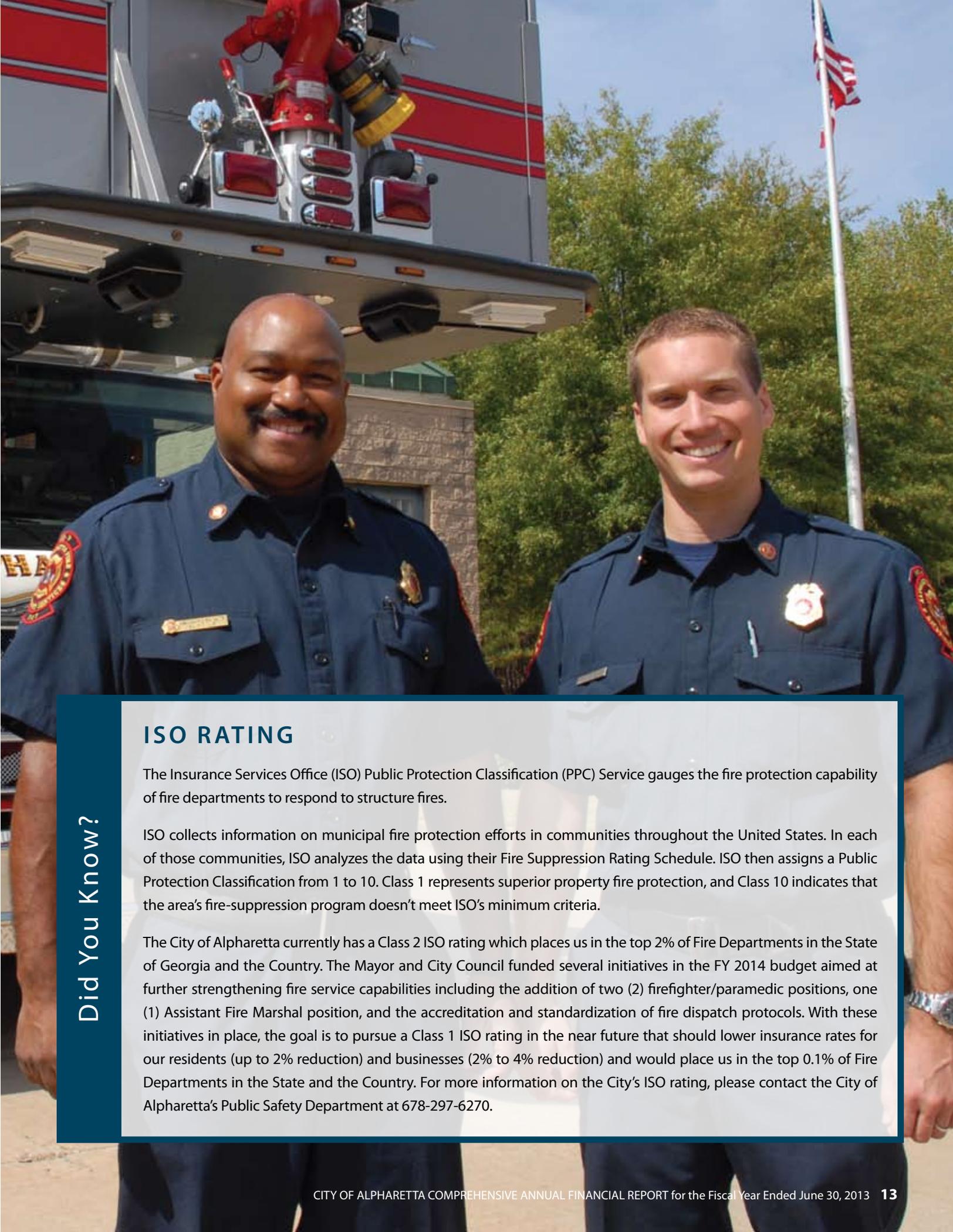
Actual Number: **5.00**
 Alpharetta Target: **5.00**



LEGEND
 Green = meets or exceeds target; Yellow = approaches target; Red = needs improvement

¹ Calls requiring immediate police response.
² Arrests made and cases cleared may not occur in the same period as the reported crime.
³ Includes simple assault, counterfeiting, disorderly conduct, stolen property, etc.
⁴ Includes vehicle, trash, and vegetation fires, etc.

⁵ Incidents that require the dispatch of fire suppression equipment or personnel.
⁶ The benchmark represents performance data from governmental entities (both local and national) comparable in population/scope to the City of Alpharetta. While not applicable to all measures, benchmarks enable the city to assess its performance relative to its peers.
⁷ Represents total response time from when the call is received in the call center to when fire personnel arrive on the scene.



Did You Know?

ISO RATING

The Insurance Services Office (ISO) Public Protection Classification (PPC) Service gauges the fire protection capability of fire departments to respond to structure fires.

ISO collects information on municipal fire protection efforts in communities throughout the United States. In each of those communities, ISO analyzes the data using their Fire Suppression Rating Schedule. ISO then assigns a Public Protection Classification from 1 to 10. Class 1 represents superior property fire protection, and Class 10 indicates that the area's fire-suppression program doesn't meet ISO's minimum criteria.

The City of Alpharetta currently has a Class 2 ISO rating which places us in the top 2% of Fire Departments in the State of Georgia and the Country. The Mayor and City Council funded several initiatives in the FY 2014 budget aimed at further strengthening fire service capabilities including the addition of two (2) firefighter/paramedic positions, one (1) Assistant Fire Marshal position, and the accreditation and standardization of fire dispatch protocols. With these initiatives in place, the goal is to pursue a Class 1 ISO rating in the near future that should lower insurance rates for our residents (up to 2% reduction) and businesses (2% to 4% reduction) and would place us in the top 0.1% of Fire Departments in the State and the Country. For more information on the City's ISO rating, please contact the City of Alpharetta's Public Safety Department at 678-297-6270.

SECLICKFIX.COM

The City of Alpharetta is partnering with **SeeClick Fix.com** to provide citizens and businesses with a convenient method of reporting issues within the city. **SeeClickFix.com** is a geographically-based web application that allows any individual to report non-emergency issues such as graffiti, potholes, or traffic safety issues on a map, online or by smartphone. In addition to notifying the city and others of outstanding issues, the system can send alerts and notifications to registered users.

For more information or to enroll in **SeeClickFix.com**, please visit <http://en.seclickfix.com/registration/new>.

Please Note: If you know of a hazardous situation which needs immediate attention (open manhole cover, etc.), please call the city at 678-297-6200. For emergencies or to report a crime in-progress, please call 911.

Public Works

The Engineering and Public Works Department has the responsibility to protect, preserve, and maintain the City of Alpharetta's infrastructure with a focus on traffic control, city streets, stormwater, sidewalks, and conservation.

Included below is a sampling of fiscal year 2013 workload and performance measures for the Engineering and Public Works Department that track our efforts and corresponding results toward optimizing the ability of our infrastructure to meet community needs.

In addition to focusing on the city's infrastructure, the Engineering and Public Works Department is dedicated to environmental sus-

tainability. During fiscal year 2013, Engineering and Public Works coordinated 25 environmental education events/workshops that included 1,040 volunteers and over 1,600 attendees. Additionally, the Department hosted 6 recycling events that facilitated the recycling of over 48,000 pounds of paper, electronics, and household material, equating to 24 tons of recyclables.

The Engineering and Public Works Department is committed to the protection, preservation, and improvement of our city's infrastructure and guiding quality growth to ensure a productive and bright future for our community.

Engineering and Public Works Performance Summary for the 12 months ending 6/30/2013

Capital projects¹:	
Total projects managed	27
Total construction value	\$17,980,537
Roadways:	
Total paved miles.	523
Paved miles resurfaced ²	39
Roadway repairs ³	18
Pothole repairs ⁴	222
Total traffic signals	1,729
Traffic signal repairs	77
Sidewalk repairs	
65	
Stormwater and erosion control:	
Development/construction site inspections	6,191
Stormwater structure inspections	1,824
Drainage repairs and maintenance	
100	
Utility permits issued	
170	

Average Time to Repair a Roadway in weekdays³

Actual Number: **2.04**
Alpharetta Target: 10.00

Average Time to Repair a Pothole in weekdays⁴

Actual Number: **1.01**
Alpharetta Target: 2.00
Benchmark⁵: 3.05

Avg. Time to Repair a Traffic Signal in weekdays

Actual Number: **1.28** ◀ See note below
Alpharetta Target: 1.00



LEGEND
Green = meets or exceeds target; Yellow = approaches target; Red = needs improvement

▶ **How are we addressing it?**
This measure tracks repairs to multiple signal types (e.g. traffic, flashing, etc.) as well as traffic signal replacements completed as part of larger intersection improvement projects. Traffic signals were generally repaired within the one day target. Traffic signal replacements averaged slightly over the one day target due primarily to several large intersection improvement projects that involved complete traffic signal change outs.

1 Includes traffic control and maintenance/improvements to roadways, stormwater, sidewalks, facilities, etc. (design and construction components).
2 The City funds a minimum of \$1.5 million annually for milling and resurfacing of city streets. During fiscal year 2013, the city leveraged grant proceeds to increase total milling and resurfacing program funding to \$2.4 million.

3 Repair of pavement damage less than 2" deep.
4 Repair of pavement damage greater than 2" deep.
5 The benchmark represents performance data from governmental entities (both local and national) comparable in population/scope to the City of Alpharetta. While not applicable to all measures, benchmarks enable the city to assess its performance relative to its peers.

Recreation and Parks

As a livable city with a nationally accredited recreational program, the City of Alpharetta's Recreation and Parks Department provides excellent active and passive recreational, educational, and cultural opportunities for our community in an outstanding park system.

Included below is a sampling of fiscal year 2013 workload and performance measures for the Recreation and Parks Department that track our efforts and corresponding results toward providing the highest quality recreational programs and facilities for our citizens and visitors.

The city is committed to continually improving its recreational opportunities and providing safe, functional, and beautiful park amenities to residents and visitors. Improvements completed during fiscal year 2013 include: construction of a splash pad play area at the Alpharetta pool, repaving of the parking lot, and replacement fencing for various baseball fields within Wills Park; insulation replacement for the Crabapple Government Center gym; replacement of the multi-purpose floor at the Wills Park

Recreation Center; upgrade of the recreation management software; etc.

In addition to our current facilities and programs, future plans include the: construction of new park and green space as part of the voter approved City Center development; installation of lightning warning systems at various city parks; erosion control measures, parking lot repaving, and tennis courts resurfacing at Webb Bridge Park; replacement of the insulation at the Wills Park Recreation Center gym; replacement of the carpet at the Crabapple Government Center; and funding for design services related to a new city pool.

Our outstanding park system, diverse recreational programs and excellent staff help ensure the City of Alpharetta remains the Signature City of our region. For the latest Recreation and Parks Department news, please "Like" us on our Facebook page at <http://www.facebook.com/alpharettarecreation>.

Recreation and Parks Performance Summary for the 12 months ending 6/30/2013

Total park acres	764
Total greenway miles	8
Total program participants ¹	30,525
Breakdown by residency:	
Residents	13,872
Non-residents ²	16,653
Breakdown by program/camp:	
Athletics	7,505
Aquatics	1,625
Cultural arts and dance	660
Gymnastics	2,517
Senior	12,602
Other ³	5,616
Pool attendance	22,844
Equestrian Center events	152
Parks Maintenance:	
Emergency requests	25
Non-emergency requests	403

Park Acres per 1,000 residents

Actual Number: **12.33**
 Alpharetta Target: 10.45
 Benchmark⁴: 10.45



% of Program Participants who are Residents

Actual Number: **45.44%** ◀ See note below
 Alpharetta Target: 60.00%



Average Time to Complete Emergency Request in minutes

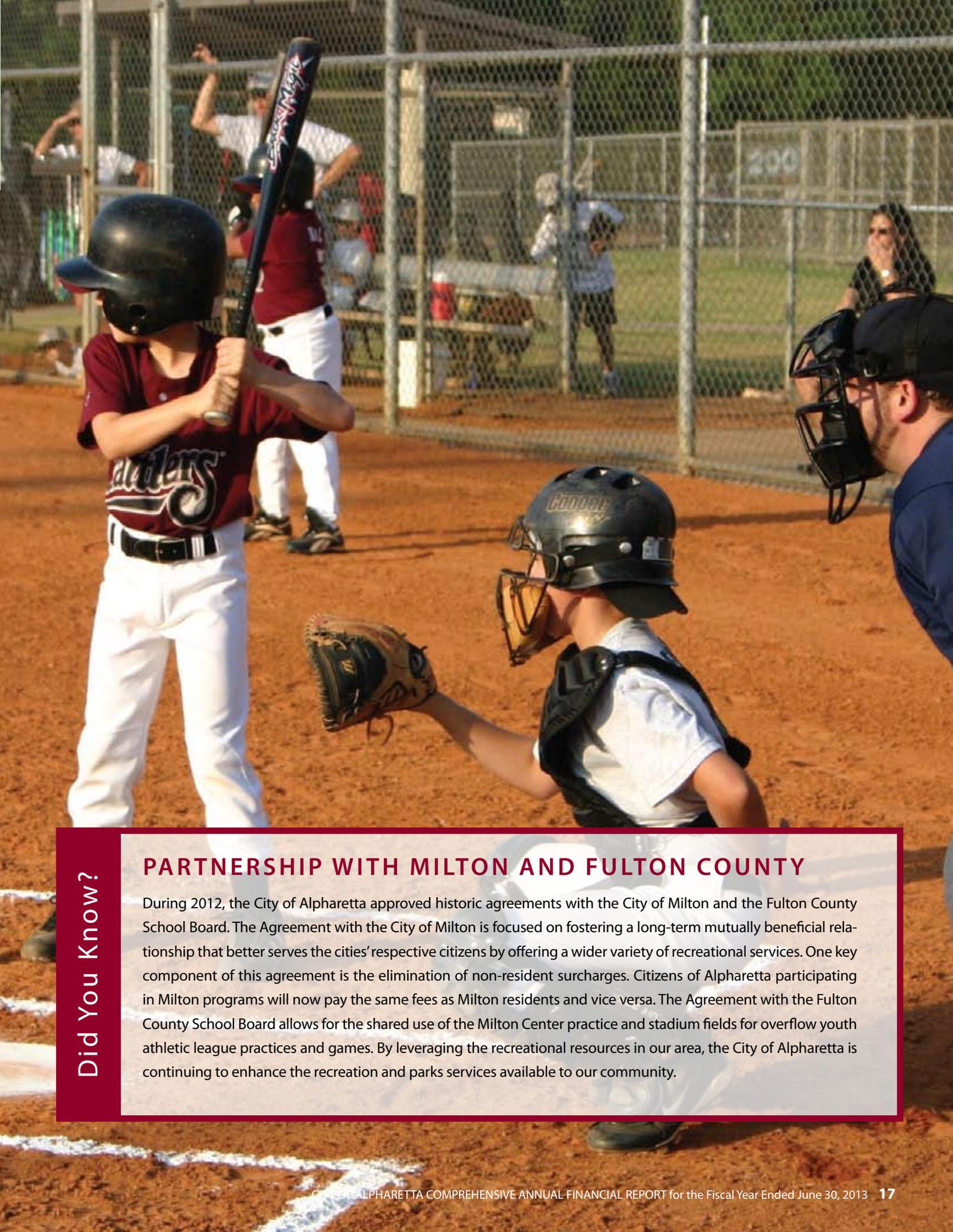
Actual Number: **105.50**
 Alpharetta Target: 120.00



LEGEND
 Green = meets or exceeds target; Yellow = approaches target; Red = needs improvement

▶ **How are we addressing it?**
 Increasing resident program participation and expanding the variety of recreational services available to our citizens are top priorities for the Recreation and Parks Department. As Alpharetta enters into partnerships with other entities to expand the overall recreational opportunities, non-resident program participation increases. Please refer to the Did You Know? article on the following page for more information on Alpharetta's recreation services partnerships.

1 Programs include athletics, aquatics, cultural arts, etc. Does not include Senior activities.
 2 Non-residents program fees are 50% higher (minimum) than resident fees.
 3 Includes summer programs at the Wills Park Recreation Center, dog shows at Wills Park, instructional sports, etc.
 4 The benchmark represents performance data from governmental entities (both local and national) comparable in population/scope to the City of Alpharetta. While not applicable to all measures, benchmarks enable the city to assess its performance relative to its peers.



Did You Know?

PARTNERSHIP WITH MILTON AND FULTON COUNTY

During 2012, the City of Alpharetta approved historic agreements with the City of Milton and the Fulton County School Board. The Agreement with the City of Milton is focused on fostering a long-term mutually beneficial relationship that better serves the cities' respective citizens by offering a wider variety of recreational services. One key component of this agreement is the elimination of non-resident surcharges. Citizens of Alpharetta participating in Milton programs will now pay the same fees as Milton residents and vice versa. The Agreement with the Fulton County School Board allows for the shared use of the Milton Center practice and stadium fields for overflow youth athletic league practices and games. By leveraging the recreational resources in our area, the City of Alpharetta is continuing to enhance the recreation and parks services available to our community.



TOP 10 EMPLOYERS

Providing a strong economic foundation for our community, the City of Alpharetta is pleased to recognize the top 10 Employers (based on the number of employees, effective July 1, 2013).

<i>Employer</i>	<i>No. of Employees</i>	<i>Employer</i>	<i>No. of Employees</i>
ADP, INC.	2,024	HEWLETT-PACKARD COMPANY892
MCKESSON INFORMATION SOLUTIONS.	1,775	UPS SUPPLY CHAIN SOLUTIONS.800
LEXIS NEXIS RISK SOLUTIONS	1,483	GE CONSUMER FINANCE-AMERICA624
COMCAST	1,000	E TRADE FINANCIAL CORPORATION537
VERIZON BUSINESS NETWORK SERVICES.920	COCA-COLA REFRESHMENTS529

Community Development

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

Included below is a sampling of fiscal year 2013 workload and performance measures for the Community Development Department that track our efforts and corresponding results toward maintaining and enhancing the outstanding quality of life for which Alpharetta is well known.

As you can see from the measures below, the city is rebounding from the economic recession and real estate downturn. Zoning cases have seen a marked increase and new building permits have increased

5.05% over FY 2012 and an impressive 33.16% percent since the bottom of the market in FY 2010.

Operational highlights include the implementation of electronic plan review which not only saves time and money to both the city and the development community but also reduces the environmental impact and storage costs. The consolidation of plan review personnel under one department has further improved response times for customers and citizens. In 2014 we will be introducing the CityWorks software system which will consolidate and streamline many of our current workflows. The Community Development Department continues to strive for improved efficiency in our daily operations while offering outstanding service to our customers.

Community Development Performance Summary for the 12 months ending 6/30/2013

Permits and plan review:

Total permits issued	3,287
Residential permits issued	384
Construction permit applications received	442
Inspections performed	11,576
Development plans reviewed.	62

Code Enforcement:

Total cases	143
Resolved by voluntary compliance	128
Resolved by forced compliance	15
Removal of illegal signs.	3,454

Business Licenses:

Total business licenses	4,384
Renewals	3,783
New.	601

% of Construction Permits Completed (initial code review) within 14 calendar days

Actual Number: **98.64%**
 Alpharetta Target: **87.00**
 Benchmark¹: **86.53**



Average Time for Stormwater Engineer to Review a Land Development Plan in calendar days

Actual Number: **5.75**
 Alpharetta Target: **10.00**



% of Inspections Completed Same Day as Request

Actual Number: **100.00%**
 Alpharetta Target: **100.00%**



LEGEND

Green = meets or exceeds target; Yellow = approaches target; Red = needs improvement

¹ The benchmark represents performance data from governmental entities (both local and national) comparable in population/scope to the City of Alpharetta. While not applicable to all measures, benchmarks enable the city to assess its performance relative to its peers.

General Government

The Public Safety, Engineering and Public Works, Recreation and Parks, and Community Development Departments are the recognizable city services as they have the most direct impact on our community. However, the success of these services is reliant upon the dedication and innovation of numerous internal departments/divisions. These internal departments/divisions form the general government function of our city.

Fiscal year 2013 general government performance highlights include:

- **6 Grant Applications Awarded and Approved for Funding**, resulting in grant funding of \$419,656 to support city initiatives such as: implementation of a Bicycle Safety Campaign by the Alpharetta Public Safety Department's bicycle patrol unit aimed at educating the public on safe cycling practices; milling and resurfacing of city streets; purchase of replacement bulletproof vests for our police officers; etc.
- **51 City / 147 Community Sponsored Events Offered**. The city directly sponsors and manages 51 special events throughout the year aimed at enhancing our community's quality of life. An additional 147 events were held within the city that, while not directly managed by the city, did utilize city resources. The city's outstanding special events lineup was a major factor in Alpharetta's designation as the 7th Friendliest Town by Forbes.

For upcoming events, please refer to the Calendar of Events (pages 23-24) or visit the city website at www.alpharetta.ga.us

- **Over 600,000 Site Visits and 1.7 Million Page Views on City Website**. The city website is a great source of information on city meetings, special events, recreational offerings, etc.
- **Over 23,500 Online Payments Accepted**, totaling \$3.3 million. The city website offers our customers the convenience of online bill payment for many services including: property taxes, business license renewals, sanitation fees, traffic citations, etc.
- **32 Formal Solicitations Issued**, including requests for bids, proposals, qualifications, etc. culminating in over 150 vendor responses. Formal solicitations assist in maximizing competition for goods and services thereby ensuring a competitive price.
- **Over 15,100 Sanitation Accounts**, resulting in 40,500 tons of trash and 6,300 tons of recyclables collected.

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

General Government Performance Summary for the 12 months ending 6/30/2013

Audit Findings by Independent External Auditor

Actual Number: **0**

Alpharetta Target: **0**



% of Non-Construction Bids with a Purchase Order Issued within 4 months

Actual Number: **100.00%**

Alpharetta Target: **85.00%**



Total Tons of Recycled Material Collected per Residential Account (single/multi-family)

Actual Number: **0.42**

Alpharetta Target: **0.35**

Benchmark¹: **0.35**



% of Construction Bids with a Purchase Order Issued within 4 months

Actual Number: **80.00%** *See note below*

Alpharetta Target: **85.00%**



► How are we addressing it?

The variance is isolated to three solicitations (out of 15) that exceeded the target. All three solicitations exceeded the time allotment between City Council Award and Contract Execution. The primary reason for the delays is due to specific time windows available for the underlying construction/improvements that provided staff and the vendors extra time to facilitate contract execution. The projects are as follows: Crabapple Gym Insulation

Removal and Replacement (23 days over target; awaited break in recreation program schedules); Webb Bridge Park Stream Restoration (45 days over target; awaited break in recreation program schedules); and Traffic Signal Pole Maintenance (94 days over target; awaited the prior traffic signal pole painting contract to expire). All other portions of the processes were within target.

LEGEND

Green = meets or exceeds target; Yellow = approaches target; Red = needs improvement

¹ The benchmark represents performance data from governmental entities (both local and national) comparable in population/scope to the City of Alpharetta. While not applicable to all measures, benchmarks enable the city to assess its performance relative to its peers.



Did You Know?

CITY CENTER UPDATE

In November 2011, the voters of the City of Alpharetta approved the issuance of \$29 million in General Obligation Bonds to fund the redevelopment of 22-acres in the heart of Downtown Alpharetta (the “City Center” project). The city’s vision is of a vibrant environment of parks and civic space that will serve as a gathering place for citizens and attract business and investment to this important area of our community.

The first phase of the development will include:

- New Fulton County Library (funded separately through Fulton County);
- 5-acre Public Park;
- Town Square;
- New Alpharetta City Hall; and
- 450+/- space Public Parking Garage.

The City anticipates cutting the ribbon in Fall of 2014 for the completed civic components of the City Center project. Fulton County currently plans on the new library being open for business within the 4th quarter of 2014.

The environment created through these civic elements will also attract private investment that will drive the second phase of the development. Contained within the City’s vision are four future development sites that will be sold or ground leased to private-sector developers. For more information about the City Center project, please contact the City of Alpharetta at 678-297-6000.

City Meetings

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

City Council

Business Meetings: First and third Mondays of the month, 7:30 p.m.

Public Hearings: Fourth Monday of the month, 7:30 p.m.

City Hall, 678-297-6000

Board of Zoning Appeals

Third Thursday of the month, 5:30 p.m.

City Hall, 678-297-6070

Code Enforcement Board

Fourth Thursday of the month, 3:30 p.m.

City Hall, 678-297-6080

Design Review Board

Third Friday of the month, 8:30 a.m.

City Hall, 678-297-6070

Natural Resources Commission

Third Tuesday of the month, 7:00 p.m.

City Hall, 678-297-6200

Planning Commission

First Thursday of the month, 7:30 p.m.

City Hall, 678-297-6070

Recreation Commission

Second Thursday of the month, 7:30 p.m.

City Hall, 678-297-6100



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



2014 CITY OF ALPHARETTA CALENDAR OF EVENTS

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

JAN	1, 20	City Holidays		
	20-31	Spring Registration - Adult Softball; Adult and Teen Basketball	Multiple	678-297-6172
	21	Golden Age Club Luncheon	Alpharetta Adult Activity Center	678-297-6142
	29	Spring/Summer Programs - Priority Registration*	Multiple	678-297-6100
FEB	5	Spring/Summer Programs - Registration for City of Milton New Participants	Multiple	678-297-6100
	7	Father/Daughter and Seniors Valentines Dance	Alpharetta Community Center	678-297-6154
	12	Spring/Summer Open Registration	Multiple	678-297-6100
	13	Valentine Art Workshop	Crabapple Government Center	678-297-6165
	18	Golden Age Club Luncheon	Alpharetta Adult Activity Center	678-297-6142
MAR	1	Spring Athletics Opening Day	Multiple	678-297-6100
	3-5	Viper Volleyball Tryouts	Alpharetta Community Center	678-297-6154
	18	Golden Age Club Luncheon	Alpharetta Adult Activity Center	678-297-6142
	25	Viper Volleyball League Play Begins	Alpharetta Community Center	678-297-6154
	26	Wills Park Day Camp Registration - Priority Registration*	Wills Park Recreation Center	678-297-6132
	29	Great British Car Fayre	Historic Downtown: Milton Ave	678-297-6078
APR	2	Wills Park Day Camp - Registration for City of Milton New Participants	Wills Park Recreation Center	678-297-6132
	9	Wills Park Day Camp - Open Registration	Wills Park Recreation Center	678-297-6132
	12	Easter Eggstravaganza	North Park Softball Fields 1-4	678-297-6143
	15	Golden Age Club lunch	Alpharetta Adult Activity Center	678-297-6142
	18	City Holiday		
	26-27	Alpharetta Arts StreetFest	Historic Downtown: Milton Ave	678-297-6078
	17, 24	Food Truck Alley	Historic Downtown: Old Roswell St	678-297-6078
MAY	1	Alpharetta Sharks Parent Meeting	Alpharetta Community Center	678-297-6153
	1	Ambush Soccer Tryout Registration	Multiple	678-297-6163
	1	North Fulton Golden Games Opening Ceremony	Alpharetta Community Center	678-297-6143
	8	Annual Taste of Alpharetta	Historic Downtown: Milton Ave	678-297-6078
	10	Mother/Daughter/Granddaughter Luncheon	Alpharetta Adult Activity Center	678-297-6143
	19	North Fulton Golden Games Disc Golf**	Wills Park	678-297-6143
	20	Golden Age Club Luncheon	Alpharetta Adult Activity Center	678-297-6142
	24	City Pool Opens	Wills Park Pool	678-297-6152
	26	City Holiday		
	27-29	Alpharetta Ambush Soccer Tryouts	North Park	678-297-6163
	28	Camp Happy Hearts Parents Meeting	Alpharetta Adult Activity Center	678-297-6154
1, 15, 22, 29	Food Truck Alley	Historic Downtown: Old Roswell St	678-297-6078	
JUN	2	Senior Swim/Water Aerobics Begin	Wills Park Pool	678-297-6153
	2	Summer Day Camps Begin	Multiple	Various
	3	Swim Lessons Begin	Wills Park Pool	678-297-6153
	3-5	Ambush Soccer Tryouts	North Park	678-297-6163
	7	Youth Fishing Derby	Brookside Office Park Lake	678-297-6143
	8	Alpharetta City Band Concert	Alpharetta Adult Activity Center	678-297-6143
	13	Out of this World Pool Party	Wills Park Pool	678-297-6153
	17	Golden Age Club Luncheon	Alpharetta Adult Activity Center	678-297-6142
	5, 12, 19, 26	Food Truck Alley	Historic Downtown: Old Roswell St	678-297-6078

* Priority registration includes City of Alpharetta residents and City of Milton prior program participants

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

4	City Holiday		
4	July 4th Celebration and Fireworks	Wills Park	678-297-6143
8	Fall Youth Sports - Priority Registration*	Multiple	678-297-6160
14	Fall Men's Basketball Registration	Multiple	678-297-6172
15	Golden Age Club Lunch	Alpharetta Adult Activity Center	678-297-6142
21	Fall Adult Softball Registration	Multiple	678-297-6172
30	Fall/Winter Programs - Priority Registration*	Multiple	678-297-6100
3, 10, 17, 24, 31	Food Truck Alley	Historic Downtown: Old Roswell St	678-297-6078

JUL

1	Friday Night Dive In	Wills Park Pool	678-297-6153
1	Summer Day Camps End	Various	Various
2	Annual Old Soldiers Day Race	Wills Park: 6am on-site registration; 7am start	678-297-6173
2	Annual Old Soldier's Day Parade	Alpharetta City Hall	678-297-6078
4	Pool Party for Seniors	Wills Park Pool	678-297-6143
6	Fall/Winter Programs - Registration for City of Milton New Participants	Multiple	678-297-6100
10	Last Day of Summer Swim Hours	Wills Park Pool	678-297-6152
12	Winter Youth Basketball Program - Priority Registration*	Multiple	678-297-6160
13	Fall/Winter Programs - Open Registration	Multiple	678-297-6100
19	Winter Youth Basketball Program - Registration for City of Milton New Participants	Multiple	678-297-6100
19	Golden Age Club lunch	Alpharetta Adult Activity Center	678-297-6142
19-21	Viper Volleyball Tryouts	Alpharetta Community Center	678-297-6154
23	Annual Touch A Truck	Wills Park	678-297-6143
26	Winter Youth Basketball Program - Open Registration	Multiple	678-297-6172
29-31	Atlanta Braves Youth Baseball Classic**	Wills Park	678-297-6162
7, 14, 21, 28	Food Truck Alley	Historic Downtown: Old Roswell St	678-297-6078

AUG

1	City Holiday		
1	Pool Closes	Wills Park Pool	678-297-6152
6	Fall Youth Athletics Leagues Begin	Multiple	678-297-6100
12-14	IronKids Triathlon	Wills Park	678-297-6100
13	Grilling and Gridiron	Historic Downtown: Old Roswell St	678-297-6078
16	Golden Age Club Lunch	Alpharetta Adult Activity Center	678-297-6142
18	Art Workshop	Crabapple Government Center	678-297-6173
18	Mayor's Challenge	Historic Downtown: Old Roswell St	678-297-6078
20-21	European Market	Historic Downtown: Milton Ave	678-297-6078
4, 11, 18, 25	Food Truck Alley	Historic Downtown: Old Roswell St	678-297-6078

SEP

4	Scarecrow Harvest	Historic Downtown: Milton Ave	678-297-6078
4	Lazy Log Cabin	Historic Downtown: Log Cabin on Milton Ave.	678-297-6078
5	Scarecrow Harvest	Historic Downtown: Milton Ave	678-297-6078
11-12	Restless in Resthaven	Historic Downtown	678-297-6078
18	Wire & Wood - Alpharetta Songwriters Festival	Historic Downtown: Milton Ave	678-297-6078
21	Golden Age Club Lunch	Alpharetta Adult Activity Center	678-297-6142
2, 9, 16, 23	Food Truck Alley	Historic Downtown: Old Roswell St	678-297-6078

OCT

1	Alpharetta Chili Cook Off & GA/FL Football Game	Historic Downtown: Milton Ave	678-297-6078
10	Veterans Appreciation Breakfast	Alpharetta Adult Activity Center	678-297-6142
11	Spring Youth Sports Programs - Priority Registration*	Multiple	678-297-6160
18	Golden Age Club Lunch	Alpharetta Adult Activity Center	678-297-6142
18	Spring Youth Sports Program - Registration for City of Milton New Participants	Multiple	678-297-6160
25	Spring Youth Sports Programs - Open Registration	Multiple	678-297-6160
27-28	City Holidays		

NOV

1	Santa's Mailbox Begins	Wills Park Recreation Center	678-297-6132
3	Cookies with the Clauses	Alpharetta Community Center	678-297-6154
5	Annual Christmas Tree Lighting	Historic Downtown: Milton Avenue	678-297-6078
6	Snow on the Square	Historic Downtown: City Park	678-297-6078
6	Youth Basketball Season Begins	Multiple	678-297-6172
13	Breakfast with Santa	Alpharetta Adult Activity Center	678-297-6143
13	Pet Photos with Santa Claws	Waggy World Paw Park	678-297-6143
16	Golden Age Club Luncheon	Alpharetta Adult Activity Center	678-297-6142
25, 31	City Holiday (half day on the 31st)		

DEC

* Priority registration includes City of Alpharetta residents and City of Milton prior program participants

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



Financial Section

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

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

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, 2013, 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 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 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I-D-6 and V-H, the City of Alpharetta, Georgia implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, as well as Statement No. 65, *Items Previously Reported as Assets and Liabilities*, as of July 1, 2012. 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, schedules of funding progress, schedule of employer contributions, and the General Fund Budgetary Comparison Schedule on pages 30 - 37 and page 73 - 75 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.

Independent Auditor's Report

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2013 on our consideration of the City of Alpharetta, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Alpharetta, Georgia's internal control over financial reporting and compliance.



Atlanta, Georgia
December 16, 2013

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, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the beginning of this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

Financial Highlights

- The assets of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$241,312,182 (total net position). Of this amount \$30,031,515 (unrestricted net position) may be used to meet the ongoing obligations of the government.
- The City's total net position decreased by \$4,889,358 primarily due to a contribution to Gwinnett Technical College educational facility via the issuance of Development Authority's debt which is backed by a note payable from the City.
- As of the close of the current fiscal year, the City of Alpharetta's governmental funds reported combined ending fund balances of \$62,302,438, an increase of \$1,281,861 from the prior year. The increase was primarily due to an increase in intergovernmental revenues.
- At the end of the current fiscal year, unassigned fund balance in the general fund was \$15,266,611 which represents approximately 29% of 2014 budgeted expenditures. By ordinance, the City has mandated that such balance not be less than 16% of budgeted expenditures. This requirement allows the City to maintain an adequate reserve to cover unforeseen emergencies and/or revenue shortfalls. However, the current budgetary practice has been to reserve at least 21% for such purposes, representing \$11,180,000 at fiscal year end. The surplus after such emergency reserve will allow the City to fund one-time future capital in the amount of \$4,086,611 as part of the annual budget to be developed for fiscal year 2015.
- The City's total governmental activities debt (including notes) increased by \$4,130,000 during the current fiscal year as a result of entering into an inter-

governmental agreement with the Development Authority of Alpharetta whereby the City agrees to repay \$4,130,000 of revenue bonds issued during the year ended June 30, 2013 by the Development Authority to finance the construction of an educational facility in the City of Alpharetta for Gwinnett Technical College. Regularly scheduled principal payments were made in the amount of \$1,799,875 resulting in a net increase in total governmental activities debt (including notes) of \$2,330,125.

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 the two 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 40 and 41 of this report.

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

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

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

facilitate this comparison between governmental funds and governmental activities.

The City maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, capital project, grant capital, and city center (2012 general obligation bond issue) funds, all of which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements later in this document.

The basic governmental fund financial statements can be found on pages 42 through 44 of this report.

Proprietary funds. The City maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its solid waste collection operation. Internal service funds are an accounting device used to accumulate and allocate costs internally among the various functions of a government. The City uses an internal service fund to account for risk management.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the solid waste activities, a major fund of the City, and for risk management.

The basic proprietary fund financial statements can be found on pages 45 through 47 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 48 and 49 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 50 through 71 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Alpharetta's progress in funding its obligation to provide pension and other post-employment benefits to its employees. In addition, 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 73 through 75 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 77 through 88 of this report.

CITY OF ALPHARETTA'S NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$72,195,031	\$73,187,929	\$2,128,994	\$2,142,352	\$74,324,025	\$75,330,281
Capital assets	232,546,758	233,663,735	-	-	232,546,758	233,663,735
Total assets	304,741,789	306,851,664	2,128,994	2,142,352	306,870,783	308,994,016
Current liabilities	5,561,800	5,121,085	1,098,869	1,122,949	6,660,669	6,244,034
Non-current liabilities outstanding	58,894,672	56,054,120	3,260	2,755	58,897,932	56,056,875
Total liabilities	64,456,472	61,175,205	1,102,129	1,125,704	65,558,601	62,300,909
Net investment in capital assets	203,216,963	210,559,491	-	-	203,216,963	210,559,491
Restricted	8,063,704	6,669,541	-	-	8,063,704	6,669,541
Unrestricted	29,004,650	28,447,427	1,026,865	1,016,648	30,031,515	29,464,075
Total net position	\$240,285,317	\$245,676,459	\$1,026,865	\$1,016,648	\$241,312,182	\$246,693,107

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 exceeded liabilities by \$241,312,182 at the close of the most recent fiscal year. The largest portion of the City's net position (84.2%) 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 (3.3%) represents resources that are subject to external restric-

tions on how they may be used. At the close of fiscal year 2013 the City's restricted net positions were \$8,063,704 representing \$1,837,792 obligated for capital projects, \$772,484 restricted for the repayment of general obligation bond debt, \$3,325,910 restricted for emergency telephone activities, \$2,116,404 for law enforcement, and \$11,114 for the promotion of tourism.

The remaining balance in unrestricted net position of \$30,031,515 (12.4%) 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	
	2013	2012	2013	2012	2013	2012
Revenues						
<i>Program revenues:</i>						
Charges for services	\$11,761,947	\$12,606,977	\$3,204,318	\$3,160,503	\$14,966,265	\$15,767,480
Operating grants and contributions	398,524	82,200	-	-	398,524	82,200
Capital grants and contributions	4,733,378	14,284,321	-	-	4,733,378	14,284,321
General revenues:					-	-
Property tax	23,055,884	21,451,396	-	-	23,055,884	21,451,396
Local option sales tax	12,173,275	12,239,330	-	-	12,173,275	12,239,330
Other taxes	16,596,690	15,951,485	-	-	16,596,690	15,951,485
Unrestricted investment earnings	97,018	87,739	3,090	4,480	100,108	92,219
Total revenues	68,816,716	76,703,448	3,207,408	3,164,983	72,024,124	79,868,431
Expenses						
General government	12,321,146	10,825,565	-	-	12,321,146	10,825,565
Public safety	26,435,109	25,811,403	-	-	26,435,109	25,811,403
Public works	17,291,919	13,955,690	-	-	17,291,919	13,955,690
Community development	8,668,317	3,901,289	-	-	8,668,317	3,901,289
Culture and recreation	7,139,273	7,324,834	-	-	7,139,273	7,324,834
Interest on long-term debt	1,860,527	1,766,432	-	-	1,860,527	1,766,432
Solid waste	-	-	3,197,191	3,144,127	3,197,191	3,144,127
Total expenses	73,716,291	63,585,213	3,197,191	3,144,127	76,913,482	66,729,340
Increase (decrease) in net position	(4,899,575)	13,118,235	10,217	20,856	(4,889,358)	13,139,091
Net position - beginning	245,184,892	232,066,657	1,016,648	995,792	246,201,540	233,062,449
Net position - ending	\$240,285,317	\$245,184,892	\$1,026,865	\$1,016,648	\$241,312,182	\$246,201,540

Governmental activities. Governmental activities decreased the City's net position by \$4,899,575 (compared to an increase of \$13,118,235 in the prior year) accounting for nearly all of the decrease in the net position of the City (business-type activities had an increase in net position of \$10,217). Key elements of this change from year to year are as follows:

- Total governmental program revenues decreased by \$7,886,732 primarily due to a decrease in capital grants and contributions.
- Total general revenues increased by \$2,192,917 from the prior year primarily due to increased property tax revenues.

- Total expenses of the governmental activities increased by \$10,131,078 from the prior year. Approximately \$4,500,000 of the increase in governmental activity expenses is primarily due to a greater use of the City's budgeted capital outlay program toward non-capitalizable expenses for fiscal year 2013, and approximately \$1,500,000 is attributable to general growth in operations. The remainder of the increase of about \$4,000,000 is due to the contribution to Gwinnett Tech College for a new educational facility via the City's securing of the debt issued by the Development Authority of Alpharetta.

Business-type activities. Business-type activities increased the City of Alpharetta's net position by \$10,217, 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 2013, the City reported governmental funds combined ending fund balance of \$62,302,438, an increase of \$1,281,861 from the prior year. The increase is primarily due to an increase in inter-governmental revenue. Approximately 24.5% of this balance or \$15,266,611 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 \$28,411,579, law enforcement of \$2,116,404, emergency telephone activities of \$3,325,910, debt service of \$745,672, and \$11,114 for the promotion of tourism. Assigned fund balance consists of amounts assigned for grant projects of \$325,292, capital projects of \$6,415,189, and 2014 fiscal year expenditures of \$5,684,667.

General fund. The general fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance of the general fund was \$20,951,278 which is a decrease of \$379,020 from the prior year. In terms of liquidity, total fund balance represents approximately 39.4% of 2014 budgeted expenditures.

Approximately 27% of total fund balance or \$5,684,667 constitutes assigned fund balance for 2014 fiscal year expenditures. The remaining 73% of total fund balance or \$15,266,611 constitutes unassigned fund balance. This balance represents approximately 29% of 2014 budgeted expenditures. By ordinance, the City has mandated that such balance not be less than 16% of budgeted expenditures. This requirement allows the City to maintain an adequate reserve to cover unforeseen emergencies and/or revenue shortfalls. However, the current budgetary practice has been to reserve at least 21% for such purposes, representing \$11,180,000 at fiscal year end. The surplus

after such emergency reserve will allow the City to fund one-time future capital in the amount of \$4,086,611 as part of the annual budget to be developed for fiscal year 2015.

The fund balance of the City's general fund decreased during fiscal year 2013 by \$379,020. Revenues exceeded expenditures by \$5,067,645, however, net transfers out were \$5,541,895 and offset in part by proceeds from Sale of Capital Assets for \$95,230. Council approved the utilization of prior year fund balance for capital projects (\$4,661,795). Other significant variances are explained below:

- From a year to year operational perspective, total revenues increased by \$2,185,345. An increase in property tax revenue accounted for much of the increase and was due to a change in the millage rate structure which shifted approximately \$2,400,000 in property tax revenue from debt service to general fund. Total expenditures increased by \$1,183,587 from the prior year primarily due to increased healthcare costs, economic development initiatives, and additional special events aimed at continuing downtown revitalization. Net transfers out increased by \$2,121,275.
- Revenues of \$52,013,259 exceeded amount budgeted by \$1,868,535. Property taxes were \$1,374,535 more than budgeted due to the millage rate shift noted above. Also, business taxes were \$292,729 greater than budgeted, and charges for services were \$318,950 greater than budgeted.
- Expenditures came in well under budget, at \$46,945,614 with \$2,221,534 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 generates a budget conscious atmosphere throughout the City.

Capital Project Fund. Annually, City Council approves a capital program as part of the budget process. Funding for these projects comes primarily from available fund balance of the general fund. The Capital Project Fund accounts for these activities. During the year \$7,086,795 was transferred to this fund from the general fund and \$363,222 from other funds, while expenditures amounted to \$17,805,057. The above, together with additional revenues of \$4,484,087, capital lease proceeds of \$3,290,981, and the issuance of intergovernmental payables of \$4,130,000 resulted in an increase in fund bal-

ance of \$1,550,028 yielding a fund balance at year-end of \$7,363,078 as compared to \$5,813,050 at end of prior year. The Haynes Bridge Road realignment was one of the larger projects in progress in the current fiscal year.

Grant Capital Fund. The Grant Capital Fund is used to account for the proceeds of capital grants that are expended to acquire or construct capital assets. Grant revenue was \$2,485,131 for the current year as compared to \$1,530,854 in the prior year. Grant revenue for Westside Parkway, Phase III, was in excess of \$ 1,000,000 and accounted for much of the increase. Capital outlay expenditures decreased by \$2,285,551 from the prior year to \$1,044,446. This activity has resulted in fund balance increase from (\$1,188,792) to \$251,893 at year end.

City Center Fund. The City Center Fund is used to account for the proceeds of bonds that are expended to construct the City Center Project. The City issued \$29,000,000 in general obligation bonds and received additional bond premiums in the amount of \$1,001,322 in the prior fiscal year. In the current year investment earnings were \$27,935 and expenditures for capital outlay

were \$2,626,128 which decreased restricted fund balance from \$29,265,799 to \$26,667,606 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 a governmental activities internal service fund to account for risk management services.

Solid Waste Fund. Unrestricted net position of the solid waste enterprise fund at the end of the year amounted to \$1,026,865. The total increase in net position for the solid waste funds was \$10,217. Operating revenues increased \$43,815 over the prior year. Total expenses increased by \$53,064.

Risk Management Fund. Unrestricted net position of the risk management fund at the end of the year amounted to \$646,622. Total operating revenues increased by \$401,045 to \$1,226,676. Total operating expenses increased by \$531,722 to \$1,357,959.

General Fund Budgetary Highlights

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

Differences between the original budget and final amended budget are summarized as follows:

During the year, there was an increase in total budgeted revenues in the amount of \$15,006 for budgeted contributions and donations. Total budgeted expenditures increased by \$697,655 from the beginning of the year consisting of an increase to City Administrator for \$105,172, Non-Departmental for \$535,950, Culture and Recreation for \$29,055, Public Safety for \$14,990, Engineering and Public Works for \$119,974, Community Development for \$23,478, and a decrease to Principal and Interest for \$130,964.

Franchise taxes were \$203,992 less than the amount budgeted, licenses and permits were \$165,287 less than the amount budgeted, and fines and forfeitures were \$263,026 less than amount budgeted. However, tax revenues from property taxes, sales and use, business, and other taxes exceeded amount budgeted by \$1,923,994, and revenues from licenses and permits, intergovernmental, charges for services investment earnings, contributions and donations, and other revenues exceeded the amount budgeted by \$576,846. The net result of all the revenue variances was that actual total revenues exceeded final budget total revenues by \$1,868,535.

Total actual expenditures were \$2,221,534 less than final budgeted total expenditures due to conservative budget estimates and continued concerted effort by departments to minimize expenditures as a precautionary measure due to economic conditions. Among departments with larger favorable variances in expenditures were Public Safety which expended \$564,734 less than final budget, Culture and Recreation which expended \$557,623 less than final budget and Engineering and Public Works which expended \$471,280 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, 2013, amounts to \$232,546,758 (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:

- Old Milton & State Route 9 Intersection Improvements (\$1,253,496)
- Construction in progress for City Center Project (\$2,517,871).
- Construction in progress for Haynes Bridge Road Realignment (\$2,041,489)
- Construction in progress for State Route 9 Traffic Improvements (\$555,753)

CITY OF ALPHARETTA’S CAPITAL ASSETS

Net of Depreciation

	Governmental Activities	
	2013	2012
Land and permanent improvements	\$75,195,296	\$74,407,473
Buildings	22,119,218	24,071,014
Improvement other than buildings	13,142,782	13,992,849
Machinery and equipment	6,710,695	6,623,986
Infrastructure	107,127,256	110,385,855
Construction in progress	8,251,511	4,182,558
Total	\$232,546,758	\$233,663,735

Additional information on the City of Alpharetta’s capital assets can be found in note IV.C on pages 60 and 61 of this report.

Long-term debt. At the end of the fiscal year 2013, the City’s total outstanding debt was \$52,537,435. Total outstanding debt consists of \$47,575,000 of general obligation

bonds, and \$4,784,225 of notes payable. This entire amount comprises debt backed by the full faith and credit of the government.

CITY OF ALPHARETTA’S OUTSTANDING DEBT

General Obligation Bonds and Notes

	Governmental Activities	
	2013	2012
General obligation bonds	\$47,575,000	\$49,280,000
Notes payable	4,784,225	749,100
Total	\$52,359,225	\$50,029,100

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 \$465,989,704.

Additional information on the City's long-term debt can be found in note IV.E on pages 63 through 65 of this report.

Economic Factors and Next Year's Budgets and Rates

The Fiscal Year 2014 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 1.6 mill reduction for the average homeowner.
 - Maintenance of the city's millage rate at 5.750 mills (flat with FY 2013) including funding \$2.4 million for recurring capital initiatives (e.g. milling and resurfacing of city streets; traffic equipment replacement; etc.).
- Funding of the Gwinnett Technical college contribution (\$4 million financed over 20-years);
- Funding totaling \$8.3 million available for capital investment within our city (includes the \$2.4 million in recurring capital discussed above);
- Continuation of the same high service levels our citizenry, business owners, and stakeholders have to expect from our city; and
- Expanded service levels within public safety (Special Investigations Unit aimed at investigating drug and vice offenses in the City and additional fire staffing aimed at augmenting our service capabilities and increasing our already strong ISO rating to a top rating of "1" which will lower property insurance rates for our homeowners and businesses) and recreation and parks (e.g. new recreation programs including a Youth Volleyball League and a Babysitter Boot Camp).

Requests for Information

This financial report is designed to provide a general overview of the City of Alpharetta's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance Department, City of Alpharetta, 2970 Webb Bridge Road, Alpharetta, Georgia, 30009, or by calling 678-297-6060.

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City of Alpharetta
STATEMENT OF NET POSITION

June 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Development Authority
Assets				
Cash and cash equivalents	\$5,654,527	\$140,921	\$5,795,448	\$266,798
Investments	30,883,772	1,795,711	32,679,483	-
Receivables, net of allowance for uncollectibles	6,074,609	190,306	6,264,915	37,238
Direct financing lease receivable	-	-	-	7,965,000
Prepaid expenses	259,774	-	259,774	-
Restricted investments	27,544,292	-	27,544,292	-
Net pension asset	1,351,026	2,056	1,353,082	-
Net OPEB asset	427,031	-	427,031	-
Capital assets, non-depreciable	83,446,807	-	83,446,807	-
Capital assets, depreciable, net of accumulated depreciation	149,099,951	-	149,099,951	-
Total assets	304,741,789	2,128,994	306,870,783	8,269,036
Deferred Outflows Of Resources				
Deferred charges on refunding	-	-	-	5,137
Total deferred outflows of resources	-	-	-	5,137
Liabilities				
Accounts payable and other current liabilities	5,310,374	250,764	5,561,138	126,916
Unearned revenue	251,426	848,105	1,099,531	-
Interest payable	311,887	-	311,887	37,238
Bonds payable, due within one year	1,750,000	-	1,750,000	655,000
Bonds payable, due in more than one year	47,003,210	-	47,003,210	7,798,217
Capital lease payable, due within one year	436,239	-	436,239	-
Capital lease payable, due in more than one year	2,088,961	-	2,088,961	-
Notes payable, due within one year	158,175	-	158,175	-
Notes payable, due in more than one year	4,626,050	-	4,626,050	-
Other noncurrent liabilities, due within one year	1,887,314	3,260	1,890,574	-
Other noncurrent liabilities, due in more than one year	632,836	-	632,836	-
Total liabilities	64,456,472	1,102,129	65,558,601	8,617,371
Net Position				
Net investment in capital assets	203,216,963	-	203,216,963	-
Restricted for:				
Capital projects	1,837,792	-	1,837,792	-
Debt service	772,484	-	772,484	-
Law enforcement	2,116,404	-	2,116,404	-
Promotion of tourism	11,114	-	11,114	-
Emergency telephone activities	3,325,910	-	3,325,910	-
Unrestricted	29,004,650	1,026,865	30,031,515	(343,198)
Total net position	\$240,285,317	\$1,026,865	\$241,312,182	\$(343,198)

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

City of Alpharetta
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2013

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Position						
		Program Revenues			Primary Government			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Development Authority
Primary government:								
Governmental activities:								
General government	\$12,321,146	\$2,967,937	-	-	\$(9,353,209)	-	\$(9,353,209)	-
Public safety	26,435,109	5,156,890	41,903	97,239	(21,139,077)	-	(21,139,077)	-
Public works	17,291,919	36,268	325,000	4,636,139	(12,294,512)	-	(12,294,512)	-
Community development	8,668,317	1,577,213	-	-	(7,091,104)	-	(7,091,104)	-
Culture and recreation	7,139,273	2,023,639	31,621	-	(5,084,013)	-	(5,084,013)	-
Interest on long-term debt	1,860,527	-	-	-	(1,860,527)	-	(1,860,527)	-
Total governmental activities	73,716,291	11,761,947	398,524	4,733,378	(56,822,442)	-	(56,822,442)	-
Business-type activities:								
Solid waste	3,197,191	3,204,318	-	-	-	7,127	7,127	-
Total business-type activities	3,197,191	3,204,318	-	-	-	7,127	7,127	-
Total primary government	\$76,913,482	\$14,966,265	\$398,524	\$4,733,378	(56,822,442)	7,127	(56,815,315)	-
Component unit:								
Development Authority	\$331,800	\$206,980	-	-	-	-	-	(124,820)
Total component unit	\$331,800	\$206,980	-	-	-	-	-	(124,820)
General revenues:								
Property taxes					23,055,884	-	23,055,884	-
Sales taxes					12,173,275	-	12,173,275	-
Franchise taxes					6,346,008	-	6,346,008	-
Hotel/Motel occupancy tax					3,859,498	-	3,859,498	-
Business taxes					4,072,729	-	4,072,729	-
Other taxes					2,318,455	-	2,318,455	-
Unrestricted investment earnings					97,018	3,090	100,108	-
Total general revenues					51,922,867	3,090	51,925,957	-
Change in net position					(4,899,575)	10,217	(4,889,358)	(124,820)
Net position (deficit), beginning of year					245,184,892	1,016,648	246,201,540	(218,378)
Net position (deficit), end of year					\$240,285,317	\$1,026,865	\$241,312,182	\$(343,198)

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

City of Alpharetta
BALANCE SHEET
Governmental Funds
June 30, 2013

	Major Governmental Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General	Capital Project	Grant Capital	City Center		
Assets						
Cash and cash equivalents	\$1,542,090	\$1,538,968	–	–	\$2,481,058	\$5,562,116
Investments	17,548,123	7,532,039	–	–	4,626,043	29,706,205
Taxes receivable, net	2,230,479	–	–	–	428,821	2,659,300
Accounts receivable	83,189	–	–	–	577,747	660,936
Intergovernmental	–	152,126	2,590,963	–	11,284	2,754,373
Due from other funds	1,656,738	–	–	–	–	1,656,738
Restricted investments	–	–	–	27,544,292	–	27,544,292
Total assets	\$23,060,619	\$9,223,133	\$2,590,963	\$27,544,292	\$8,124,953	\$70,543,960
Liabilities, Deferred Inflows Of Resources, and Fund Balances						
Liabilities:						
Accounts payable	\$1,337,649	\$812,930	\$386,836	\$498,131	\$838,024	\$3,873,570
Retainage payable	–	701,880	–	77,688	–	779,568
Accrued liabilities	572,211	–	–	–	35,725	607,936
Due to other funds	–	–	1,205,620	300,867	150,251	1,656,738
Unearned revenue - intergovernmental	–	251,426	–	–	–	251,426
Total liabilities	1,909,860	1,766,236	1,592,456	876,686	1,024,000	7,169,238
Deferred Inflows Of Resources:						
Unavailable revenue - property taxes	199,481	–	–	–	26,812	226,293
Unavailable revenue - other	–	93,819	746,614	–	5,558	845,991
Total deferred inflows of resources	199,481	93,819	746,614	–	32,370	1,072,284
Fund balances:						
Restricted for:						
Capital projects	–	947,889	–	26,667,606	796,084	28,411,579
Law enforcement	–	–	–	–	2,116,404	2,116,404
Emergency telephone activities	–	–	–	–	3,325,910	3,325,910
Debt service	–	–	–	–	745,672	745,672
Promotion of tourism	–	–	–	–	11,114	11,114
Assigned for:						
Grant projects	–	–	251,893	–	73,399	325,292
Capital projects	–	6,415,189	–	–	–	6,415,189
Fiscal year 2014 budget	5,684,667	–	–	–	–	5,684,667
Unassigned	15,266,611	–	–	–	–	15,266,611
Total fund balances	20,951,278	7,363,078	251,893	26,667,606	7,068,583	62,302,438
Total liabilities, deferred inflows of resources, and fund balances	\$23,060,619	\$9,223,133	\$2,590,963	\$27,544,292	\$8,124,953	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	232,546,758
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,072,284
Internal service funds are used by the City to charge cost to other funds. The assets and liabilities are included in the government activities.	646,622
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(58,320,616)
Prepaid expenditures are costs applicable to future periods and, therefore, are not reported in governmental funds.	259,774
Net pension and OPEB assets that are not a financial resource and, therefore, not reported in governmental funds.	1,778,057
Net position of governmental activities	\$240,285,317

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

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

For the Fiscal Year Ended June 30, 2013

	Major Governmental Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General	Capital Project	Grant Capital	City Center		
Revenues						
Taxes:						
Property taxes	\$19,034,535	-	-	-	\$4,092,596	\$23,127,131
Sales and use taxes	12,173,275	-	-	-	-	12,173,275
Other taxes	12,737,192	-	-	-	3,859,498	16,596,690
Licenses and permits	1,859,213	-	-	-	-	1,859,213
Charges for services	2,649,450	-	-	-	2,486,737	5,136,187
Impact fees	-	-	-	-	158,038	158,038
Fines and forfeitures	2,786,974	-	-	-	569,929	3,356,903
Intergovernmental	385,000	4,346,540	2,485,131	-	888,192	8,104,863
Contributions and donations	19,271	97,239	-	-	-	116,510
Investment earnings	36,641	14,349	-	27,935	18,093	97,018
Other revenues	331,708	25,959	-	-	-	357,667
Total revenues	52,013,259	4,484,087	2,485,131	27,935	12,073,083	71,083,495
Expenditures						
Current:						
General government	9,217,767	-	-	-	17,291	9,235,058
Public safety	22,376,116	-	-	-	2,698,638	25,074,754
Public works	6,700,695	-	-	-	-	6,700,695
Community development	2,022,668	-	-	-	2,317,350	4,340,018
Culture and recreation	6,115,651	-	-	-	12,455	6,128,106
Capital outlay	-	11,327,015	1,044,446	2,626,128	168,890	15,166,479
Intergovernmental	-	4,130,000	-	-	-	4,130,000
Debt service:						
Principal	428,647	2,348,042	-	-	1,799,875	4,576,564
Interest	84,070	-	-	-	1,882,101	1,966,171
Total expenditures	46,945,614	17,805,057	1,044,446	2,626,128	8,896,600	77,317,845
Excess (deficiency) of revenues over expenditures	5,067,645	(13,320,970)	1,440,685	(2,598,193)	3,176,483	(6,234,350)
Other financing sources (uses):						
Proceeds from sale of capital assets	95,230	-	-	-	-	95,230
Issuance of capital lease	-	3,290,981	-	-	-	3,290,981
Issuance of intergovernmental payable	-	4,130,000	-	-	-	4,130,000
Transfers in	1,544,900	7,450,017	-	-	-	8,994,917
Transfers out	(7,086,795)	-	-	-	(1,908,122)	(8,994,917)
Total other financing sources (uses)	(5,446,665)	14,870,998	-	-	(1,908,122)	7,516,211
Net change in fund balances	(379,020)	1,550,028	1,440,685	(2,598,193)	1,268,361	1,281,861
Fund balances, beginning of year	21,330,298	5,813,050	(1,188,792)	29,265,799	5,800,222	61,020,577
Fund balances, end of year	\$20,951,278	\$7,363,078	\$251,893	\$26,667,606	\$7,068,583	\$62,302,438

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

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

For the Fiscal Year Ended June 30, 2013

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

Net change in fund balances - total governmental funds	\$ 1,281,861
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.	116,255
The net effect of various miscellaneous transactions involving capital assets (i.e. donations and sales) is to decrease net position.	(1,233,232)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(2,414,129)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(2,743,088)
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.	(129,518)
Prepaid expenses are costs applicable to future periods and, therefore, are not reported in the funds.	66,564
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.	155,712
Change in net position - governmental activities	\$(4,899,575)

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

City of Alpharetta
STATEMENT OF NET POSITION
Proprietary Funds

June 30, 2013

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Fund	Risk Management Fund
Assets		
Current assets:		
Cash and cash equivalents	\$140,921	\$92,411
Investments	1,795,711	1,177,567
Accounts receivable, net of allowance for uncollectibles	190,306	-
Total current assets	2,126,938	1,269,978
Non-current assets:		
Other noncurrent assets	2,056	-
Total assets	2,128,994	1,269,978
Liabilities		
Current liabilities:		
Accounts payable	249,920	49,300
Accrued salaries	844	-
Unearned revenue	848,105	-
Compensated absences payable	3,260	-
Claims payable, due within one year	-	213,673
Total current liabilities	1,102,129	262,973
Non-current liabilities:		
Claims payable, due in more than one year	-	360,383
Total noncurrent liabilities	-	360,383
Total liabilities	1,102,129	623,356
Net Position		
Unrestricted	1,026,865	646,622
Total net position	\$1,026,865	\$646,622

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

City of Alpharetta
**STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN NET POSITION**
Proprietary Funds

For the Fiscal Year Ended June 30, 2013

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
Operating Revenues	<u>Solid Waste Fund</u>	<u>Risk Management Fund</u>
Charges for services:		
Refuse collection charges	\$3,204,069	-
Charges for service	-	1,169,500
Miscellaneous revenue	249	57,176
Total operating revenues	3,204,318	1,226,676
Operating Expenses		
Administration	3,197,191	125,419
Claims and judgements	-	649,036
Premiums	-	583,504
Total operating expenses	3,197,191	1,357,959
Operating income (loss)	7,127	(131,283)
Non-Operating Revenues		
Investment earnings	3,090	1,765
Total non-operating revenues	3,090	1,765
Change in net position	10,217	(129,518)
Net Position, beginning of year	1,016,648	776,140
Net Position, end of year	\$1,026,865	\$646,622

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

City of Alpharetta
STATEMENT OF CASH FLOWS
Proprietary Funds

For the Fiscal Year Ended June 30, 2013

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Fund	Risk Management Fund
Cash Flows From Operating Activities		
Receipts from customers and users	\$3,138,670	\$1,226,676
Payments to vendors/suppliers	(3,140,713)	(682,431)
Payments on claims	-	(566,523)
Payments to employees	(63,152)	-
Net cash used in operating activities	(65,195)	(22,278)
Cash Flows From Investing Activities		
Purchases of investments	(55,239)	(53,919)
Interest and dividends received	3,090	1,765
Net cash used in investing activities	(52,149)	(52,154)
Decrease in cash and cash equivalents	(117,344)	(74,432)
Cash and cash equivalents, beginning of year	258,265	166,843
Cash and cash equivalents, end of year	\$140,921	\$92,411
Reconciliation of operating income (loss) to net cash used in operating activities:		
Operating income (loss)	\$7,127	\$(131,283)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Increase in accounts receivable	(48,747)	-
Increase (decrease) in accounts payable	(7,229)	26,492
Decrease in other accrued liabilities	(16,851)	-
Increase in compensated absence	505	-
Increase in claims payable	-	82,513
Net cash used in operating activities	\$(65,195)	\$(22,278)

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

City of Alpharetta
STATEMENT OF NET POSITION
Fiduciary Funds

June 30, 2013

	Pension Plan	OPEB Plan
<i>Assets</i>		
Cash	\$30,301	\$862,541
Mutual funds	44,130,418	-
Total assets	44,160,719	862,541
<i>Liabilities</i>		
Accounts payable	30,301	-
Total liabilities	30,301	-
<i>Net Position</i>		
Net position held in trust for retiree benefits	\$44,130,418	\$862,541

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

City of Alpharetta
STATEMENT OF CHANGES IN NET POSITION
Fiduciary Funds

For the Fiscal Year Ended June 30, 2013

	<u>Pension Plan</u>	<u>OPEB Plan</u>
<i>Additions</i>		
Contributions:		
Employee contributions	\$376,546	-
Employer contributions	2,700,000	-
Total contributions	3,076,546	-
Investment income:		
Net appreciation of fair value of investments	3,079,515	-
Net interest and dividends	1,620,583	431
Net investment income	4,700,098	431
Total additions	7,776,644	431
<i>Deductions</i>		
Benefit payments	998,594	-
Total deductions	998,594	-
Change in net position	6,778,050	431
<i>Net Position Held In Trust For Retiree Benefits</i>		
Beginning of year	37,352,368	862,110
End of year	\$44,130,418	\$862,541

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

City of Alpharetta – Notes to the Financial Statements

June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

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

Discretely presented component unit. The Development Authority of Alpharetta is included in the government’s reporting entity because of the significance of its financial relationship with the City of Alpharetta. The Authority promotes the industrial and economic development of the government, and is legally separate from the government; however, the government appoints all of the Authority’s Board members and a financial benefit/burden relationship exists as the assets and liabilities of the Development Authority would revert to the government upon dissolution. The government does not control the operations of the Authority. Separate financial statements for the Development Authority are not prepared.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the fiscal year after they are levied. As such, property tax revenues are recognized in the current fiscal year for the previous tax year’s levy. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end

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

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

The government reports the following major governmental funds:

The **general fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **capital project fund** accounts for the acquisition of capital expenditures greater than \$25,000 funded by sources other than general obligation bond proceeds from governmental funds.

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

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

The government reports the following major proprietary fund:

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

The City also reports the following fund types:

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

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

The **capital project fund** accounts for the expenditures of the City's 2006 and 2012 general obligation bonds, issued for construction of various city projects.

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

The **Pension and Other Employee Benefit Trust funds** are used to account for the accumulation of resources to be used for retirement annuity payments and employer portion of retiree health insurance premiums, at appropriate amounts and times in the future. Resources are contributed by the government at rates determined by actuarial computations as well as by employees for one of the plans.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. However, any interfund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions.

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

In accounting and reporting for its proprietary operations, the government applies all GASB pronouncements. For the fiscal year ended June 30, 2013, the government implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the government's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund consists of administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

1. Cash, cash equivalents, and investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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

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

or by a government agency of the United States, and obligations or any corporation of the U.S. government.

2. Receivables and payables

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

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

Property taxes are levied on assessed property values as of January 1. The levy date is the date that the millage rate is set by the City Council and occurs on or about June 15. Tax notices are then mailed on or about October 1 of each year and are due 60 days from the billing date. The billings are considered past due if the payment is not rendered within the 60 day period after the respective tax billing date, at which time penalties and interest are assessed. Delinquent tax payments subject the property to lien. The government bills and collects its own property taxes.

3. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods. These payments are accounted for using the purchases method and are recognized as expenditures in the fund financial statements when payment is made, and are recognized as prepaid items in the government-wide financial statements.

4. Restricted assets

Proceeds of the 2006 General Obligation Bond Issue and the 2012 General Obligation Bond Issue are classified as restricted assets on the balance sheet because they are maintained in a separate bank account and their use is limited by applicable bond covenants. The "bond construction" account is used to report those proceeds that are restricted for use in the construction of voter approved projects.

5. Capital assets

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

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

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

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

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

6. Deferred outflows / inflows of resources

The City implemented GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*, as of July 1, 2012. These new standards establish accounting and financial reporting for deferred outflows/ inflows of resources and the concept of net position as the residual of all other elements presented in a statement of financial position.

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 City does not have an item which qualifies for reporting in this category. The Development Authority reports a deferred charge on refunding reported in the government-wide statement of net position. 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.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category. The governmental funds report unavailable revenues from property taxes and other sources as these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

7. Compensated absences

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

7. Compensated absences

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,

8. Long-term obligations

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

Fund balances are classified as follows:

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

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

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by a formal

vote of the City Council. Only the City Council may modify or rescind the commitment. The City’s Council would effectively commit fund balance through the approval of an ordinance; however there are no commitments as of the fiscal year ending June 30, 2013.

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.

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 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.

10. Management estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets

and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

abilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$58,320,616 difference are as follows:

Bonds payable	\$47,575,000)
Plus: Issuance premium	(1,178,210)
Capital lease payable	(2,525,200)
Notes payable	(4,784,225)
Accrued interest payable	(311,887)
Compensated absences	(1,946,094)
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$(58,320,616)</u></u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the governmentwide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and change in net 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 \$116,255 difference are as follows:

Capital outlay	\$8,443,983
Depreciation expense	<u>(8,327,728)</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>\$116,255</u></u>

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., donations and sales) is to decrease net position.” The details of this \$1,233,232 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.	\$(1,380,582)
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.	147,350
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>\$ (1,233,232)</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$155,712 difference are as follows:

Compensated absences	\$(19,266)
Accrued interest	4,315
Net OPEB asset	(69,937)
Net pension asset	240,600
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>\$ 155,712</u>

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$2,743,088 difference are as follows:

Principal repayments:	
General obligation bonds	\$1,705,000
Capital lease	2,776,689
Note payable	94,875
Proceeds from new capital lease	(3,290,981)
Note payable to secure component unit debt	(4,130,000)
Amortization of bond premium	101,329
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>\$ (2,743,088)</u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

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

The appropriated budget is prepared by fund, department, and function. The government's department heads may make transfers of appropriations within departmental accounts of a specific fund. Transfers of appropriations between departments require the approval of the council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level, within the fund.

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

The following funds and General Fund departments had excesses of actual expenditures over appropriations for the fiscal year ended June 30, 2013:

Hotel/Motel Fund	\$(270,647)
General Fund departments:	
City Clerk	(4,419)
Debt Service - Principal	(40,969)
Debt Service - Interest	(24,916)

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

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

IV. DETAILED NOTES ON ALL FUNDS

A. Cash, cash equivalents, and investments

As of June 30, 2013, the City of Alpharetta had the following investments:

Investment	Standards & Poor Rating	Weighted Average Maturity	Fair Value
Georgia Fund 1	AAAf	43 days	\$45,088,816
Corporate Securities*	AA+	0.180 years	360,394
U.S. Government Agency	AA+	1.400 years	2,622,509
U.S. Treasuries	AA+	1.130 years	11,703,272
Municipal Bonds	AAA	1 day	125,000
Fidelity Money Market Account	AAA	1 day	323,784
Total			\$60,223,775

* The investments reported as corporate securities include bonds backed by U.S. government, Small Business Administration.

In addition to the investments listed above, the City has investments of \$44,130,418 recorded in the Pension Trust Fund. These funds are invested in mutual funds with a weighted-average maturity of 6.54 years. The mutual funds are invested in stocks and corporate bonds, with a PIMCO rating of AA-.

In accordance with the government's Cash and Investment Management Policies, safety of principal is the foremost objective of the investment program. As a result, credit risk and investment rate risk are aggressively mitigated. To the extent possible, the government shall attempt to match investments with anticipated cash flow require-

ments. Any investment exceeding a five (5) year maturity must be disclosed to the City Council in writing.

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

Custodial credit risk, that is the risk associated with uninsured deposits, uninsured securities, or securities not registered in the government's name, is managed in accordance with the government's policy through a safekeeping agreement with an external party. State statutes and City policy require all deposits and investments (other than federal or state instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. All deposits and investments as of June 30, 2013 were properly collateralized.

Through the structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, the government reduces exposure to interest rate risk. Interest rate risk, the risk that the market

value of securities in the portfolio will fall due to changes in general interest rates, is also managed through the government's objective to hold investments until maturity. Meaning, the yield received on the life of the security for invested funds is greater than funds that are not invested due to an anticipated improvement to economic conditions.

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

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable net asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds and is regulated by the State Treasurer of the State of Georgia. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1 per share. The regulatory oversight agency for Georgia Fund 1 is the State Treasurer of the State of Georgia.

B. Receivables

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

	General	Capital Projects	Grant Capital	Solid Waste	Nonmajor Governmental
Receivables:					
Taxes	\$2,542,530	–	–	\$245,577	\$544,358
Accounts	83,189	–	–	–	577,747
Intergovernmental	–	152,126	2,590,963	–	11,284
Gross receivables	2,625,719	152,126	2,590,963	245,577	1,133,389
Less allowance for uncollectibles	(312,051)	–	–	(55,271)	(115,537)
Net total receivables	\$2,313,668	\$152,126	\$2,590,963	\$190,306	\$1,017,852

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.

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.

C. Capital assets

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<i>Governmental activities:</i>					
Capital assets, not being depreciated:					
Land and permanent improvements	\$74,407,473	\$575,750	–	\$212,073	\$75,195,296
Construction in progress	4,182,558	6,302,486	(182,090)	(2,051,443)	8,251,511
Total assets, not being depreciated	78,590,031	6,878,236	(182,090)	(1,839,370)	83,446,807
Capital assets, being depreciated:					
Buildings	36,261,453	42,833	(1,573,941)	–	34,730,345
Improvements other than buildings	29,904,524	264,775	(294,742)	333,393	30,207,950
Machinery and equipment	17,631,349	1,250,215	(683,738)	455,526	18,653,352
Infrastructure	166,845,681	155,274	(13,022)	1,050,451	168,038,384
Total assets, being depreciated	250,643,007	1,713,097	(2,565,443)	1,839,370	251,630,031
Less accumulated depreciation for:					
Buildings	(12,190,439)	(976,221)	555,533	–	(12,611,127)
Improvements other than buildings	(15,911,675)	(1,327,521)	174,028	–	(17,065,168)
Machinery and equipment	(11,007,363)	(1,572,521)	637,227	–	(11,942,657)
Infrastructure	(56,459,826)	(4,451,465)	163	–	(60,911,128)
Total accumulated depreciation	(95,569,303)	(8,327,728)	1,366,951	–	(102,530,080)
Total assets, being depreciated, net	155,073,704	(6,614,631)	(1,198,492)	1,839,370	149,099,951
Governmental activities capital assets, net	\$233,663,735	\$263,605	\$(1,380,582)	–	\$232,546,758

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

<i>Governmental activities:</i>	
General government	\$1,184,627
Public safety	1,270,129
Public works	4,837,792
Community development	18,420
Culture and recreation	1,016,760
Total depreciation expense - governmental activities	\$8,327,728

Construction Commitments. The government has active construction projects as of June 30, 2013. 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 year end the government's commitments with contractors include:

Project	Spent-to-Date	Remaining Commitment
Park improvements	\$60,079	\$70,467
Sidewalk and pedestrian projects	498,992	153,150
Street and transportation improvements	17,577,694	2,070,577
Machinery, equipment, and technology	1,681,878	606,068
General administrative facilities	3,169,000	4,147,368
Total	\$22,987,643	\$7,047,630

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

IV capital project fund primarily for street and transportation improvements. The City Center fund has incurred expenditures for the general administrative facilities.

D. Interfund receivables, payables, and transfers

The composition of due to/from other fund balances as of June 30, 2013, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Grant Capital Fund	\$1,205,620
General Fund	City Center Fund	300,867
General Fund	Nonmajor governmental funds	150,251
		<u>\$1,656,738</u>

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

Interfund transfers for the year ended June 30, 2013:

Transfer in	Transfer out	Amount
General Fund	Nonmajor governmental funds	<u>\$1,544,900</u>
Capital Projects Fund	General Fund	\$7,086,795
Capital Projects Fund	Nonmajor governmental funds	363,222
		<u>\$7,450,017</u>

Transfers are used to 1) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs and 2) move revenues from the fund that statutes require to collect them to the fund that will expend them.

E. Long-term debt

General Obligation Bonds. The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The general obligation bonds issued are for governmental activities. The original amount of general obligation bonds issued as of June 30, 2013 is \$55,290,000.

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

Purpose	Maturity	Interest Rates	Amount
Governmental activities	May 2026	4.0 - 6.5%	\$ 19,180,000
City center project	May 2032	2.0 - 3.75%	28,395,000
			<u>\$47,575,000</u>

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

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2014	\$1,750,000	\$1,794,700
2015	1,815,000	1,719,300
2016	1,880,000	1,634,750
2017	1,940,000	1,572,350
2018	2,000,000	1,494,750
2019-2023	11,200,000	6,257,290
2024-2028	13,825,000	3,803,100
2029-2032	13,165,000	1,234,650
Total	<u>\$47,575,000</u>	<u>\$19,510,890</u>

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.

to pay 100% of the principal and interest payments on the bonds to the extent that the Foundation's lease payments are insufficient to cover the full amount of principal and interest payments on the bonds. At a minimum, the City is obligated to pay 16.5% of the total principal and interest payments on the bonds.

In 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

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 \$5,137. 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 governmentwide 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, 2013 are as follows:

Fiscal Year Ending June 30	Principal	Interest
2014	\$655,000	\$274,841
2015	785,000	267,190
2016	810,000	239,440
2017	840,000	205,690
2018	875,000	166,340
2019-2023	1,710,000	495,050
2024-2028	1,115,000	326,975
2029-2033	1,305,000	138,158
Total	\$8,095,000	\$2,113,684

Notes Payable. The annual requirements to amortize the note payable to the Development Authority for the

government's share of the 2009 series (16.5%) and 2013 series (100%) revenue bonds as of June 30, 2013 are as follows:

Fiscal Year Ending June 30	Principal	Interest
2014	\$158,175	\$135,981
2015	267,300	147,326
2016	275,600	139,992
2017	280,550	131,584
2018	290,500	120,833
2019-2023	1,092,100	479,603
2024-2028	1,115,000	326,975
2029-2033	1,305,000	138,158
Total	\$4,784,225	\$1,620,452

Capital Leases. In 2013 the City entered into a lease agreement as lessee for financing the acquisition of new public works software and to refinance and consolidate the three individual leases held as of July 1, 2012, which were used to finance accounting software and three fire trucks for the governmental activities. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inception. As of June 30, 2013, the City had \$3,290,981 of machinery and equipment under capital leases.

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

Fiscal Year Ending June 30	Governmental Activities
2014	\$448,369
2015	477,803
2016	486,367
2017	495,280
2018	286,751
2019-2022	427,930
Total minimum lease payments	2,622,500
Less amount representing interest	97,300
Present value of future minimum lease payments	\$2,525,200

Changes in Long-term Liabilities. Long-term liability activity for the fiscal year ended June 30, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Governmental activities</i>					
Bonds payable:					
General obligation bonds	\$49,280,000	–	\$(1,705,000)	\$47,575,000	\$1,750,000
Plus issuance premium	1,279,539	–	(101,329)	1,178,210	
Net bonds payable	50,559,539	–	(1,806,329)	48,753,210	
Notes payable	749,100	4,130,000	(94,875)	4,784,225	158,175
Capital lease	2,010,908	3,290,981	(2,776,689)	2,525,200	436,239
Claims and judgments	491,543	645,456	(562,943)	574,056	213,673
Compensated absences	1,926,828	2,102,142	(2,082,876)	1,946,094	1,673,641
Governmental activity Long-term liabilities	\$55,737,918	\$10,168,579	\$(7,323,712)	\$58,582,785	\$ 4,231,728
<i>Business-type activities</i>					
Compensated absences	\$2,755	\$505	–	\$3,260	\$3,260
Business-type activity Long-term liabilities	\$2,755	\$505	–	\$3,260	\$3,260

For governmental activities, compensated absences are predominately liquidated by the general fund and emergency 911 fund and claims and judgments are liquidated by the risk management fund.

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

Long-term liability activity for the Development Authority for the fiscal year ended June 30, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable	\$4,540,000	\$4,130,000	\$(575,000)	\$8,095,000	\$655,000
Plus issuance premium	349,179	93,918	(84,880)	358,217	–
Revenue bonds payable, net	\$4,889,179	\$4,223,918	\$(659,880)	\$8,453,217	\$655,000

V. OTHER INFORMATION

A. Risk Management

The government is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omission; and natural disasters for which the government carries commercial insurance. The government previously established a limited risk management program for workers' compensation.

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

	Fiscal Year Ended June 30, 2013	Fiscal Year Ended June 30, 2012
Unpaid claims, beginning of fiscal year	\$491,543	\$529,161
Claims incurred	649,036	230,787
Claims paid	(566,523)	(268,405)
Unpaid claims, end of fiscal year	\$574,056	\$491,543

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

B. Contingent Liabilities

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

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

The government has contracted with Browning-Ferris Industries, Inc. for refuse collection, including recycling, until March 31, 2017.

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

C. Related Organizations

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

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

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

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

D. Joint Venture

Under Georgia law, the government, in conjunction with other cities around the Metropolitan Atlanta, Georgia area, is a member of the Atlanta Regional Commission (ARC) and is required to pay annual dues thereto, which the City of Atlanta has paid on behalf of the City of Alpharetta since the 2004 fiscal year. Membership in ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organization structure of ARC. ARC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from ARC, 40 Courtland Street NE, Atlanta, Georgia 30303.

E. Retirement Plans

Defined Benefit Pension Plans.

Plan Description. The City of Alpharetta maintains two single-employer defined benefit pension plans, the City of Alpharetta Regular Defined Benefit Pension Plan (the "Regular Plan") and the City of Alpharetta Enhanced Defined Benefit Pension Plan (the "Enhanced Plan" or in combination the "Plans"), for the employees of the City of Alpharetta. For all reporting, funding, accounting and actuarial purposes, the Plans have been merged into a single plan, The City of Alpharetta Combined Defined Benefit Plan (the "Combined Plan") effective July 1, 2011. The Combined Plan is administered by a Board of Trustees, who has executed trust agreements with a financial institution to hold, manage, invest, and distribute contributions in accordance with the provisions of the Plans. 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 government employees, government officials, and the elected or appointed judge of the Municipal Court, hired prior to July 1, 2009. Employees become eligible to participate in the Combined Plan after one year of employment and are fully vested after five years of employment. Benefit provisions are established by a resolution of City Council. The Combined Plan provides retirement and death benefits to Plan members and beneficiaries. The Combined Plan does not issue separate stand-alone financial reports.

At January 1, 2013, the date of the most recent actuarial valuation, there were 559 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	76
Vested terminated employees not yet receiving benefits	135
Active employees	348
Total	559

Summary of Significant Accounting Policies. The financial statements of the Combined Plan are prepared using the accrual basis of accounting. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made as part of the budget process. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans. Administrative costs are paid from the earnings of the fund.

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

Contributions. For the Regular Plan, only the City makes contributions. For the Enhanced Plan, both the City and the Employees (at 2.5% of payroll) make contributions to the plan. For fiscal year 2013 employees contributed \$376,546 to the Enhanced Plan. The City is required to contribute at an actuarially determined rate: the contribution rate for 2013 was 11.8% of payroll for the Combined Plan. The annual required contributions for the current year were determined as part of the January 1, 2012 actuarial valuations using the projected unit credit method. The actuarial assumptions included (a) a rate of return on the investments of present and future assets of

6.75% per year, compounded annually and net of investment expenses and (b) projected salary increases of 3.5% per year, which includes 1.0% due to merit and 2.5% for inflation.

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

Annual Pension Cost and Net Pension Obligation (NPO) – Combined Plan

	For the Plan Year Ending June 30, 2013	For the Plan Year Ending June 30, 2012
Annual required contribution (ARC)	\$2,601,891	\$2,553,324
Adjustments to annual required contribution	22,031	115,865
Interest on net pension obligation (asset)	(164,522)	(161,451)
Annual pension cost	2,459,400	2,507,738
Contributions made	2,700,000	3,000,000
(Increase) decrease in NPO (asset)	(240,600)	(492,262)
NPO (asset) at beginning of year	(1,112,482)	(620,220)
NPO (asset) at end of year	<u><u>\$(1,353,082)</u></u>	<u><u>\$(1,112,482)</u></u>

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

Fiscal Period Ending	Annual Pension Cost	Percentage Contributed	Net Pension Asset
2013	\$2,459,400	110%	\$(1,353,082)
2012	2,507,738	120%	(1,112,482)
2011	3,414,972	91%	(620,220)

The following is a schedule of funding progress for the Combined Plan:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (U A A L) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
1/1/2013	\$40,278,497	\$43,505,434	\$3,226,937	92.6%	\$21,623,292	14.9%

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

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

Actuary valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plans in effect as of January 1, 2013.

Defined Contribution Plan

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

by the Internal Revenue Service. At June 30, 2013, there were 401 participants. Plan provisions and contribution requirements are established and may be amended by the City’s Council.

Employees may elect to contribute a portion of their pay, not to exceed the IRS guidelines, into the 457 plan. Upon completion of one year of employment for full-time employees and three years of employment for part-time employees, the City will match the employee’s contribution, up to 5% of the employee’s annual salary, into the 401(a) plan. Additionally, the City is required to contribute 10% of the annual salary of all employees hired subsequent to June 30, 2009. The City Council has the ability to amend the plan provisions. For the fiscal year ended June 30, 2013, the City’s contribution to the 401(a) plan was \$1,239,977. The amount contributed by employees into the 457 plan was \$1,251,285.

F. Other Post-employment Benefits

Plan Description. The City of Alpharetta Health Retirement Plan (the “OPEB Plan”) is a single employer defined benefit post-retirement health care plan. Through June 30, 2011 the plan operated on a “pay-as-you-go” basis. In May of 2012, the City created an irrevocable trust and contributed \$862,110 to the trust. As required by GASB Statement 45, the City reports in the financial statements the “costs” associated with the future participation of retirees in this benefit. The Plan does not issue a separate stand-alone financial report.

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

Retirement Options/Benefit Provisions. Eligible retirees are offered the same health and prescription drug coverage as active employees. Each fiscal year, the City determines

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

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

The following schedule reflects membership for the OPEB Plan as of July 1, 2012, the most recent actuarial valuation:

Active participants	391
Retirees and beneficiaries currently receiving benefits	4
Total	395

The following is a schedule of funding progress:

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (U A A L) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7/1/2012	\$862,541	\$805,064	\$(57,477)	107%	\$21,976,544	0.3%

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

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

Annual OPEB Cost and Net OPEB Obligation

	For the Plan Year Ending June 30, 2013	For the Plan Year Ending June 30, 2012
Annual required contribution	\$84,939	\$129,560
Adjustments to annual required contribution	29,263	3,272
Interest expense	(15,286)	11,737
Annual OPEB cost	98,916	144,569
Contributions made	28,979	883,050
Increase in net OPEB obligation	69,937	(738,481)
Net OPEB obligation (asset) at beginning of year	(496,968)	241,513
Net OPEB obligation (asset) at end of year	\$(427,031)	\$(496,968)

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

Fiscal Period Ending	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation (Asset)
2013	\$98,916	29%	\$(427,031)
2012	144,569	61%	(496,968)
2011	136,546	12%	241,513

Assumptions. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of July 1, 2012. The

assumptions used in the July 1, 2012 actuarial valuation are as follows:

Cost Method	Projected Unit Credit
Discount Rate	4%
Healthcare Cost Trend Rate	5%
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	26 years
Inflation Rate	1%

G. Hotel/Motel Lodging Tax

The government imposes a hotel/motel tax on lodging facilities within the City of Alpharetta. The tax is assessed at 6%. Revenues were \$3,859,498 for the fiscal year end-

ed June 30, 2013. Of this amount 100%, or \$3,859,498, was expended. Expenditures of the tax were used to promote tourism as required by O.C.G.A. 48-13-51.

H. Change in Accounting Principle

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 65, Items Previously Reported as Assets and Liabilities, the government is required to change its accounting treatment of debt issuance costs. The new standard requires that debt issuance costs be recognized as an expense in the period incurred rather than capitalized and recognized as an expense (amortized) in a systematic and rational manner over the duration of the related debt as was the required treatment in prior reporting periods.

Therefore, in conjunction with the implementation of Statement No. 65, the following restatements were required to the beginning net position of the Governmental Activities and Development Authority to properly recognize debt issuance costs as expenses in the periods in which they were incurred:

	Governmental Activities
Net position, as previously reported	\$245,676,459
Recognition of bond issuance costs in accordance with GASB 65	<u>(491,567)</u>
Net position, as restated	<u>\$245,184,892</u>

	Development Authority
Net position, as previously reported	\$(123,584)
Recognition of bond issuance costs in accordance with GASB 65	<u>(94,794)</u>
Net position, as restated	<u>\$(218,378)</u>

City of Alpharetta
Required Supplementary Information
Retirement Plans
SCHEDULE OF FUNDING PROGRESS

City of Alpharetta Combined Defined Benefit Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (U A A L) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a) / c]
2013	\$40,278,497	\$43,505,434	\$3,226,937	92.6%	\$21,623,292	14.9%
2012	34,978,043	37,890,920	2,912,877	92.3%	22,141,454	13.2%
2011	30,911,129	34,040,993	3,129,864	90.8%	23,393,451	13.4%
2010	25,771,126	34,033,273	8,262,147	75.7%	23,011,719	35.9%
2009	21,995,902	29,472,196	7,476,294	74.6%	21,345,172	35.0%
2008	20,748,440	27,163,261	6,414,821	76.4%	19,929,090	32.2%

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

City of Alpharetta
Required Supplementary Information
Retirement Plans
SCHEDULE OF EMPLOYER CONTRIBUTIONS

City of Alpharetta Combined Defined Benefit Pension Plan

Actuarial Valuation Date	Annual Required Contribution (ARC)	% of ARC Contributed
2012	\$2,601,891	104%
2011	2,553,324	117%*
2010	3,528,345	88%*
2009	2,999,252	95%*
2008	2,776,563	91%*
2007	2,279,042	100%

* The difference in ARC and the contribution was made up with the net pension asset.

The plan reports a net pension asset of \$1,353,082 at year end.

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

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (U A A L) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a) / c]
2012	\$862,541	\$805,064	\$(57,477)	107%	\$21,976,544	0.3%
2010	-	\$862,110	\$(862,110)	0%	\$23,011,719	3.7%
2009	-	696,331	(696,331)	0%	20,925,545	3.3%
2008	-	653,560	(653,560)	0%	19,929,090	3.3%

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

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

For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$17,660,000	\$17,660,000	\$19,034,535	\$1,374,535
Sales and use taxes	12,070,000	12,070,000	12,173,275	103,275
Franchise taxes	6,550,000	6,550,000	6,346,008	(203,992)
Business taxes	3,780,000	3,780,000	4,072,729	292,729
Other taxes	2,165,000	2,165,000	2,318,455	153,455
Licenses and permits	2,024,500	2,024,500	1,859,213	(165,287)
Charges for services	2,600,500	2,330,500	2,649,450	318,950
Fines and forfeitures	3,050,000	3,050,000	2,786,974	(263,026)
Intergovernmental	76,252	346,252	385,000	38,748
Contributions and donations	-	15,006	19,271	4,265
Investment earnings	15,000	15,000	36,641	21,641
Other revenues	138,466	138,466	331,708	193,242
Total revenues	50,129,718	50,144,724	52,013,259	1,868,535
Expenditures				
Current:				
General government:				
City clerk	226,851	226,851	231,270	(4,419)
Mayor and council	307,471	307,471	277,376	30,095
Municipal court	996,785	996,785	935,750	61,035
Legal	500,000	500,000	442,650	57,350
City administrator	1,841,069	1,946,241	1,890,364	55,877
Finance	2,839,266	2,839,266	2,700,579	138,687
Human resources	396,247	396,247	316,187	80,060
Technology services	1,422,338	1,422,338	1,395,703	26,635
Internal audit	160,635	160,635	159,479	1,156
Non-departmental	545,000	1,080,950	868,409	212,541
Total general government	9,235,662	9,876,784	9,217,767	659,017
Public safety	22,925,860	22,940,850	22,376,116	564,734
Engineering and public works	7,052,001	7,171,975	6,700,695	471,280
Community development	2,033,955	2,057,433	2,022,668	34,765
Culture and recreation	6,644,219	6,673,274	6,115,651	557,623
Debt service				
Principal	478,949	387,678	428,647	(40,969)
Interest	98,847	59,154	84,070	(24,916)
Total expenditures	48,469,493	49,167,148	46,945,614	2,221,534
Excess of revenues over expenditures	1,660,225	977,576	5,067,645	4,090,069
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	64,897	64,897	95,230	30,333
Transfers in	1,364,378	1,364,378	1,544,900	180,522
Transfers out	(7,751,295)	(7,086,795)	(7,086,795)	-
Total other financing sources (uses)	(6,322,020)	(5,657,520)	(5,446,665)	210,855
Net change in fund balances	(4,661,795)	(4,679,944)	(379,020)	4,300,924
Fund balances, beginning of year	21,330,298	21,330,298	21,330,298	-
Fund balances, end of year	\$16,668,503	\$16,650,354	\$20,951,278	\$4,300,924

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

Confiscated Assets Fund – Established to account for funds received from the enforcement of drug laws, shared revenues resulting from the confiscation of property from drug offender’s arrests that can be used by law enforcement to aid in that activity. Funds cannot be used to supplant the normal operating budget of the Police Department, as required by state law.

Grant Operating Fund – This fund is used to account for the funds received from external sources as they relate to grants awarded to the government. Matching funds, which are the government’s responsibility, are also recorded within this fund.

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

Debt Service Funds

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

Capital Projects Fund

Bond IV Fund – This fund is used to account for capital projects funded from the proceeds of the November 2004 referendum which resulted in the issuance of general obligation bonds, Series 2006.

City of Alpharetta
COMBINING BALANCE SHEET
Nonmajor Governmental Funds

June 30, 2013

	Special Revenue Funds						Capital Projects Fund	Total Nonmajor Government Funds
	Hotel Motel	Impact Fee	Confiscated Assets	Grant Operating	E911	Debt Service Fund	Bond IV	
Assets								
Cash and cash equivalents	\$809	\$57,927	\$2,118,027	\$5,020	\$247,278	\$51,997	-	\$2,481,058
Investments	10,308	738,157	-	63,951	3,151,028	662,599	-	4,626,043
Taxes receivable, net	370,933	-	-	-	-	57,888	-	428,821
Accounts receivable	-	-	-	-	577,747	-	-	577,747
Intergovernmental	-	-	-	11,284	-	-	-	11,284
Total assets	\$382,050	\$796,084	\$2,118,027	\$80,255	\$3,976,053	\$772,484	-	\$8,124,953
Liabilities, Deferred Inflows of Resources, and Fund Balances								
Liabilities								
Accounts payable	\$222,563	-	-	\$1,043	\$614,418	-	-	\$838,024
Accrued expenditures	-	-	-	-	35,725	-	-	35,725
Due to other funds	148,373	-	1,878	-	-	-	-	150,251
Total liabilities	370,936	-	1,878	1,043	650,143	-	-	1,024,000
Deferred Inflows of Resources								
Unavailable revenue - property taxes	-	-	-	-	-	26,812	-	26,812
Unavailable revenue - other	-	-	-	5,558	-	-	-	5,558
Total deferred inflows of resources	-	-	-	5,558	-	26,812	-	32,370
Fund Balances								
Restricted:								
Capital projects	-	796,084	-	-	-	-	-	796,084
Law enforcement	-	-	2,116,149	255	-	-	-	2,116,404
Promotion of tourism	11,114	-	-	-	-	-	-	11,114
Emergency telephone system activities	-	-	-	-	3,325,910	-	-	3,325,910
Debt service	-	-	-	-	-	745,672	-	745,672
Assigned for grant projects	-	-	-	73,399	-	-	-	73,399
Total fund balances	11,114	796,084	2,116,149	73,654	3,325,910	745,672	-	7,068,583
Total liabilities, deferred inflows of resources, and fund balances	\$382,050	\$796,084	\$2,118,027	\$80,255	\$3,976,053	\$772,484	-	\$8,124,953

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

For the Fiscal Year Ended June 30, 2013

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total Nonmajor Government Funds
	Hotel Motel	Impact Fee	Confiscated Assets	Grant Operating	E911		Bond IV	
Revenues								
Property taxes	-	-	-	-	-	\$4,092,596	-	\$4,092,596
Hotel/Motel taxes	3,859,498	-	-	-	-	-	-	3,859,498
Impact fees	-	158,038	-	-	-	-	-	158,038
Charges for services	-	-	-	-	2,486,737	-	-	2,486,737
Forfeiture income	-	-	569,929	-	-	-	-	569,929
Intergovernmental	-	-	-	54,253	833,939	-	-	888,192
Investment earnings	2,785	1,194	3	247	5,268	8,505	91	18,093
Total revenues	3,862,283	159,232	569,932	54,500	3,325,944	4,101,101	91	12,073,083
Expenditures								
Current:								
General government	-	4,741	-	11,550	-	1,000	-	17,291
Culture and recreation	-	-	-	12,455	-	-	-	12,455
Public safety	-	-	168,629	43,709	2,486,300	-	-	2,698,638
Community development	2,317,350	-	-	-	-	-	-	2,317,350
Capital outlay	-	-	-	-	-	-	168,890	168,890
Debt service:								
Principal	-	-	-	-	-	1,799,875	-	1,799,875
Interest	-	-	-	-	-	1,882,101	-	1,882,101
Total expenditures	2,317,350	4,741	168,629	67,714	2,486,300	3,682,976	168,890	8,896,600
Excess (deficiency) of revenues over expenditures	1,544,933	154,491	401,303	(13,214)	839,644	418,125	(168,799)	3,176,483
Other Financing Uses								
Transfers out	(1,544,900)	-	-	-	-	-	(363,222)	(1,908,122)
Total other financing uses	(1,544,900)	-	-	-	-	-	(363,222)	(1,908,122)
Net change in fund balances	33	154,491	401,303	(13,214)	839,644	418,125	(532,021)	1,268,361
Fund balances, beginning of year	11,081	641,593	1,714,846	86,868	2,486,266	327,547	532,021	5,800,222
Fund balances, end of year	\$11,114	\$796,084	\$2,116,149	\$73,654	\$3,325,910	\$745,672	-	\$7,068,583

City of Alpharetta
Hotel Motel Fund

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

For the Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance with Final Budget
	Original	Final		
<i>Revenues</i>				
Hotel/Motel taxes	\$3,400,000	\$3,400,000	\$3,859,498	\$459,498
Investment earnings	-	-	2,785	2,785
Total revenues	3,400,000	3,400,000	3,862,283	462,283
<i>Expenditures</i>				
Current:				
Community development	2,046,568	2,046,703	2,317,350	(270,647)
Total expenditures	2,046,568	2,046,703	2,317,350	(270,647)
Excess of revenues over expenditures	1,353,432	1,353,297	1,544,933	191,636
<i>Other Financing Uses</i>				
Transfers out	(1,364,378)	(1,364,378)	(1,544,900)	(180,522)
Total other financing uses	(1,364,378)	(1,364,378)	(1,544,900)	(180,522)
Net changes in fund balances	(10,946)	(11,081)	33	11,114
Fund balances, beginning of year	11,081	11,081	11,081	-
Fund balances, end of year	\$135	-	\$11,114	\$11,114

City of Alpharetta
Impact Fee Fund

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

For the Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance with Final Budget
	Original	Final		
<i>Revenues</i>				
Impact fees	\$45,000	\$45,000	\$158,038	\$113,038
Investment earnings	1,350	1,350	1,194	(156)
Total revenues	46,350	46,350	159,232	112,882
<i>Expenditures</i>				
Current:				
General government	46,350	687,943	4,741	683,202
Total expenditures	46,350	687,943	4,741	683,202
Net changes in fund balances	-	(641,593)	154,491	796,084
Fund balances, beginning of year	641,593	641,593	641,593	-
Fund balances, end of year	\$641,593	-	\$796,084	\$796,084

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

For the Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance with Final Budget
	Original	Final		
<i>Revenues</i>				
Forfeiture income	\$50,000	\$50,000	\$569,929	\$519,929
Investment earnings	2,500	2,500	3	(2,497)
Total revenues	52,500	52,500	569,932	517,432
<i>Expenditures</i>				
Current:				
Public safety	250,000	1,767,346	168,629	1,598,717
Total expenditures	250,000	1,767,346	168,629	1,598,717
Net changes in fund balances	(197,500)	(1,714,846)	401,303	2,116,149
Fund balances, beginning of year	1,714,846	1,714,846	1,714,846	-
Fund balances, end of year	\$1,517,346	-	\$2,116,149	\$2,116,149

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

For the Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Revenues:				
Intergovernmental	\$70,492	\$70,492	\$54,253	\$(16,239)
Investment earnings	-	-	247	247
Total revenues	70,492	70,492	54,500	(15,992)
Expenditures				
Current:				
General government	66,894	66,894	11,550	55,344
Public safety	55,946	55,946	43,709	12,237
Culture and recreation	34,520	34,520	12,455	22,065
Total expenditures	157,360	157,360	67,714	89,646
Net changes in fund balances	(86,868)	(86,868)	(13,214)	73,654
Fund balances, beginning of year	86,868	86,868	86,868	-
Fund balances, end of year	-	-	\$73,654	\$73,654

City of Alpharetta
Emergency 911 Fund
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance with Final Budget
	Original	Final		
<i>Revenues</i>				
Charges for services	\$1,935,000	\$1,935,000	\$2,486,737	\$551,737
Intergovernmental	972,599	972,599	833,939	(138,660)
Investment earnings	1,077	1,077	5,268	4,191
Total revenues	2,908,676	2,908,676	3,325,944	417,268
<i>Expenditures</i>				
Current:				
Public safety	2,908,676	5,394,942	2,486,300	2,908,642
Total expenditures	2,908,676	5,394,942	2,486,300	2,908,642
Net changes in fund balances	-	(2,486,266)	839,644	3,325,910
Fund balances, beginning of year	2,486,266	2,486,266	2,486,266	-
Fund balances, end of year	\$2,486,266	-	\$3,325,910	\$3,325,910

City of Alpharetta
Debt Service Fund

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

For the Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance with Final Budget
	Original	Final		
<i>Revenues</i>				
Property taxes	\$3,776,000	\$3,776,000	\$4,092,596	\$ 316,596
Investment earnings	5,000	5,000	8,505	3,505
Total revenues	3,781,000	3,781,000	4,101,101	320,101
<i>Expenditures</i>				
Current:				
General government	5,000	5,000	1,000	4,000
Debt service:				
Principal	1,799,875	1,799,875	1,799,875	-
Interest	1,882,101	1,882,101	1,882,101	-
Total expenditures	3,686,976	3,686,976	3,682,976	4,000
Net change in fund balances	94,024	94,024	418,125	324,101
Fund balances, beginning of year	327,547	327,547	327,547	-
Fund balances, end of year	\$421,571	\$421,571	\$745,672	\$324,101

City of Alpharetta
BALANCE SHEET
Component Unit - Development Authority

June 30, 2013

Assets

Cash	\$266,798
Total assets	\$266,798

Liabilities and Fund Balance

Accounts payable	\$126,916
Total liabilities	126,916

Fund balance:

Restricted for debt service	15,706
Unassigned	124,176
Total fund balance	139,882

Total liabilities and fund balance	\$266,798
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City of Alpharetta
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
Component Unit - Development Authority

For the Fiscal Year Ended June 30, 2013

Revenues

Miscellaneous income	\$781,980
Total revenues	781,980

Expenditures

Community development	4,017,280
Debt service:	
Principal	575,000
Interest	189,700
Bond issuance cost	208,842
Total expenditures	4,990,822

Excess (deficiency) of revenues over expenditures	(4,208,842)
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Other Financing Sources

Proceeds from revenue bonds issued	4,130,000
Premium on revenue bonds issued	93,918
Total other financing sources	4,223,918

Net change in fund balances	15,076
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Fund balance, beginning of year	124,806
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Fund balance, end of year	\$139,882
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Statistical Section

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

Contents *Pages*

Financial Trends 88-95

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

Revenue Capacity 96-98

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

Debt Capacity 99-100

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

Demographic and Economic Information 101

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

Operating Information 102-104

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

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

City of Alpharetta
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2013	2012	2011	2010	2009
<i>Governmental activities</i>					
Net investment in capital assets ²	\$203,216,963	\$210,559,491	\$197,506,611	\$187,034,265	\$175,867,666
Restricted	8,063,704	6,669,541	9,944,113	7,524,218	18,232,657
Unrestricted	29,004,650	28,447,427	25,107,500	36,664,811	25,022,020
Total governmental activities net position	\$240,285,317	\$245,676,459	\$232,558,224	\$231,223,294	\$219,122,343
<i>Business-type activities¹</i>					
Net investment in capital assets	-	-	-	-	-
Restricted	-	-	-	-	-
Unrestricted	1,026,865	1,016,648	995,792	956,834	982,404
Total business-type activities net position	\$1,026,865	\$1,016,648	\$995,792	\$956,834	\$982,404
<i>Primary government</i>					
Net investment in capital assets	\$203,216,963	\$210,559,491	\$197,506,611	\$187,034,265	\$175,867,666
Restricted	8,063,704	6,669,541	9,944,113	7,524,218	18,232,657
Unrestricted	30,031,515	29,464,075	26,103,292	37,621,645	26,004,424
Total primary government net position	\$241,312,182	\$246,693,107	\$233,554,016	\$232,180,128	\$220,104,747

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

City of Alpharetta
NET POSITION BY COMPONENT
Last Ten Fiscal Years *continued*
(Accrual Basis of Accounting)

	2008	2007	2006	2005	2004
<i>Governmental activities</i>					
Net investment in capital assets ²	\$167,306,416	\$159,669,387	\$82,695,772	\$31,096,624	\$18,081,075
Restricted	18,140,239	14,174,532	14,392,861	12,951,724	12,540,493
Unrestricted	25,645,599	24,814,424	22,444,151	14,828,584	13,125,220
Total governmental activities net position	\$211,092,254	\$198,658,343	\$119,532,784	\$58,876,932	\$43,746,788
<i>Business-type activities</i> ¹					
Net investment in capital assets	-	-	-	-	\$2,598,670
Restricted	-	-	-	-	1,649,342
Unrestricted	843,883	630,455	467,185	435,139	460,343
Total business-type activities net position	\$843,883	\$630,455	\$467,185	\$435,139	\$4,708,355
<i>Primary government</i>					
Net investment in capital assets	\$167,306,416	\$159,669,387	\$82,695,772	\$31,096,624	\$20,679,745
Restricted	18,140,239	14,174,532	14,392,861	12,951,724	14,189,835
Unrestricted	26,489,482	25,444,879	22,911,336	15,263,723	13,585,563
Total primary government net position	\$211,936,137	\$199,288,798	\$119,999,969	\$59,312,071	\$48,455,143

City of Alpharetta
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)

<i>Expenses</i>	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental activities ¹ :										
General government	\$12,321,146	\$10,825,565	\$8,731,761	\$9,424,951 ⁸	\$13,555,184	\$12,534,856	\$11,261,061	\$8,990,207	\$8,380,030	\$5,736,222
Public safety	26,435,109	25,811,403	25,935,466	25,425,405	25,257,385	22,676,999	20,667,092	19,095,508	15,904,517	14,391,972
Public works	17,291,919 ¹⁰	13,955,690	17,823,080	12,201,036 ⁸	8,851,486	10,119,284	9,634,496	5,662,936	3,469,265	7,375,964
Community development	8,668,317	3,901,289	3,883,385	3,676,652	3,864,513	4,121,134	3,821,709	3,836,608	2,937,850	4,111,451
Culture and recreation	7,139,273	7,324,834	7,049,036	7,127,575	7,235,369	7,107,174	6,884,913	6,495,895	4,571,699	5,958,248
Interest on long-term debt	1,860,527	1,766,432	1,632,890	1,737,171	2,400,013	2,736,354	3,104,426	2,043,045	2,233,542	2,391,175
Total governmental activities expenses	73,716,291	63,585,213	65,055,618	59,592,790	61,163,950	59,295,801	55,373,697	46,124,199	37,496,903	39,965,032
Business-type activities:										
Water ²	—	—	—	—	—	—	—	—	7,641,035	3,495,165
Solid Waste	3,197,191	3,144,127	3,048,205	2,677,687	2,525,644	2,489,734	2,499,994	2,231,660	1,934,505	1,823,049
Total business-type activities expenses	3,197,191	3,144,127	3,048,205	2,677,687	2,525,644	2,489,734	2,499,994	2,231,660	9,575,540	5,318,214
Total primary government expenses\$	76,913,482	\$66,729,340	\$68,103,823	\$62,270,477	\$63,689,594	\$61,785,535	\$57,873,691	\$48,355,859	\$47,072,443	\$45,283,246
<i>Program Revenues</i>										
Governmental activities:										
Charges for services ³ :										
General government	\$2,967,937	\$3,262,882	\$3,791,391	3,921,041	\$4,461,205	\$4,169,775	\$4,053,626	\$4,299,561	\$641,391	\$560,148
Public safety	5,156,890	5,011,033	4,704,105	3,788,809	3,208,110	3,320,904	3,202,515	1,584,186	3,332,420	3,831,618
Public works	36,268	12,304	14,214	10,543	27,799	64,874	228,036	110,457	172,052	134,418
Community development	1,577,213	2,301,293	2,051,232	1,524,015	1,145,558 ⁶	2,198,050	2,842,438	2,432,818	3,721,024	1,491,721
Culture and recreation	2,023,639	2,019,465	1,869,572	1,840,027	1,968,879	2,061,190	1,985,418	1,962,193	2,089,562	1,654,132
Operating grants and contributions	398,524	82,200	85,049	180,396	689,900	273,823	1,129,000	116,537	74,860	68,360
Capital grants and contributions ⁴	4,733,378	14,284,321	3,397,529	9,084,587 ⁹	3,962,277 ⁷	6,758,541	10,554,478	53,542,116	5,819,430	514,766
Total governmental activities program revenues	16,893,849	26,973,498	15,913,092	20,349,418	15,463,728	18,847,157	23,995,511	64,047,868	15,850,739	8,255,163
Business-type activities:										
Charges for service:										
Water ²	—	—	—	—	—	—	—	—	3,470,393	3,806,501
Solid waste	3,204,318	3,160,503	3,083,736	2,645,368	2,633,974	2,643,367	2,621,405	1,985,355	1,838,047	1,686,477
Total business-type activities program revenues	3,204,318	3,160,503	3,083,736	2,645,368	2,633,974	2,643,367	2,621,405	1,985,355	5,308,440	5,492,978
Total primary government program revenues	\$20,098,167	30,134,001	\$18,996,828	\$22,994,786	\$18,097,702	\$21,490,524	\$26,616,916	\$66,033,223	\$21,159,179	\$13,748,141
<i>Net (Expense)/Revenue:</i>										
Governmental activities	\$(56,822,442)	\$(36,611,715)	\$(49,142,526)	\$(39,243,372)	\$(45,700,222)	\$(40,448,644)	\$(31,378,186)	\$17,923,669	\$(21,646,164)	\$(31,709,869)
Business-type activities	7,127	16,376	35,531	(32,319)	108,330	153,633	121,411	(246,305)	(4,267,100)	174,764
Total primary government net expense	\$(56,815,315)	\$(36,595,339)	\$(49,106,995)	\$(39,275,691)	\$(45,591,892)	\$(40,295,011)	\$(31,256,775)	\$17,677,364	\$(25,913,264)	\$(31,535,105)

continued

City of Alpharetta
CHANGES IN NET POSITION
Last Ten Fiscal Years *continued*
(Accrual Basis of Accounting)

continued

**General Revenues
and Other Changes
In Net Position**

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental activities:										
Property taxes	\$23,055,884	\$21,451,396	\$24,818,984	\$25,988,259	\$26,400,456	\$25,223,033	\$22,438,746	\$21,015,938	\$18,591,907	\$17,327,608
Sales taxes	12,173,275	12,239,330	11,230,204	11,174,798	10,696,787	11,263,805	9,992,908	8,838,133	8,892,107	7,353,813
Franchise taxes ⁵	6,346,008	6,430,151	6,152,869	6,017,828	5,838,582	5,378,667	5,065,549	4,170,781	2,938,193	-
Hotel/Motel occupancy tax ⁵	3,859,498	3,364,193	3,133,641	2,831,888	3,062,307	3,674,176	3,479,163	3,130,740	2,705,566	-
Business taxes ⁵	4,072,729	3,912,564	3,023,400	3,096,541	3,155,734	3,138,828	3,054,027	2,835,449	2,632,855	-
Other taxes ⁵	2,318,455	2,244,577	2,033,759	1,884,379	1,793,318	1,841,631	1,937,671	1,886,529	1,614,539	12,223,068
Unrestricted investment earnings	97,018	87,739	84,599	350,630	1,333,572	2,363,020	3,179,417	1,105,481	975,868	204,192
Gain on sale of capital assets	-	-	-	-	-	-	-	-	23,351	14,095
Miscellaneous	-	-	-	-	-	-	-	-	80,706	501,158
Transfers	-	-	-	-	-	(605)	-	(250,868)	28,317	-
Total governmental activities	51,922,867	49,729,950	50,477,456	51,344,323	52,280,756	52,882,555	49,147,481	42,732,183	38,483,409	37,623,934
Business-type activities:										
Unrestricted investment earnings	3,090	4,480	3,427	6,749	30,191	59,190	41,859	27,483	22,201	10,643
Miscellaneous	-	-	-	-	-	-	-	-	-	10,189
Transfers	-	-	-	-	-	605	-	250,868	(28,317)	-
Total business-type activities	3,090	4,480	3,427	6,749	30,191	59,795	41,859	278,351	(6,116)	20,832
Total primary government	\$51,925,957	\$49,734,430	\$50,480,883	\$51,351,072	\$52,310,947	\$52,942,350	\$49,189,340	\$43,010,534	\$38,477,293	\$37,644,766
Change in Net Position										
Governmental activities	\$(4,899,575)	\$13,118,235	\$1,334,930	\$12,100,951	\$6,580,534	\$12,433,911	\$17,769,295	\$60,655,852	\$16,837,245	\$5,914,065
Business-type activities	10,217	20,856	38,958	(25,570)	138,521	213,428	163,270	32,046	(4,273,216)	195,596
Total primary government	\$(4,889,358)	\$13,139,091	\$1,373,888	\$12,075,381	\$6,719,055	\$12,647,339	\$17,932,565	\$60,687,898	\$12,564,029	\$6,109,661

1. The changes in expenses are primarily due to capital expenditure variances from year to year.
2. The government sold the water system in 2005.
3. In 2006, charges for services were allocated among the functions differently than in prior years.
4. In 2006, the government's increased annexations resulted in a large addition to infrastructure which is reported as a capital contribution.
5. Franchise, Hotel/Motel occupancy, and Business taxes were included with Other taxes in 2003 and 2004.
6. In 2009, the economy across the state and country suffered causing the sale of construction license and permits to significantly decrease.
7. The City completed the Westside Parkway project in 2008 and this project was significantly supported from federal funds. The completion of this project along with minimal donated assets resulted in a large decrease of capital grants and contributions.
8. Prior to 2010 the City charged depreciation expense related to City's infrastructure to the general government function and in 2010 began charging to the public works function.
9. In 2010 the City received a donated road and bridge worth over \$7,000,000.
10. In 2013 the City secured a \$4 million bond issued by the Development Authority for which the City is not the beneficiary of the proceeds, thus the full expense is recognized in the statement of activities.

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

Fiscal Year	Property Tax	Sales Tax	Franchise Tax ¹	Hotel/Motel Occupancy Tax ¹	Business Taxes ¹	Other Taxes	Total
2004	17,327,608	7,353,813	—	—	—	12,223,068	36,904,489
2005	18,591,907	8,892,107	\$2,938,193	\$2,705,566	\$2,632,855	1,614,539	37,375,167
2006	21,015,938	8,838,133	4,170,781	3,130,740	2,835,449	1,886,529	41,877,570
2007	22,438,746	9,992,908	5,065,549	3,479,163	3,054,027	1,937,671	45,968,064
2008	25,223,033	11,263,805	5,378,667	3,674,176	3,138,828	1,841,631	50,520,140
2009	26,400,456	10,696,787	5,838,582	3,062,307	3,155,734	1,793,318	50,947,184
2010	25,988,259	11,174,798	6,017,828	2,831,888	3,096,541	1,884,379	50,993,693
2011	24,818,984	11,230,204	6,152,869	3,133,641	3,023,400	2,033,759	50,392,857
2012	21,451,396	12,239,330	6,430,151	3,364,193	3,912,564	2,244,577	49,642,211
2013	23,055,884	12,173,275	6,346,008	3,859,498	4,072,729	2,318,455	51,825,849

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

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

(Modified Accrual Basis of Accounting)

	2013	2012	2011 ³	2010	2009
General fund					
Reserved	-	-	-	\$63,663	\$33,154
Unreserved	-	-	-	18,815,691	21,262,328
Assigned - subsequent budget appropriations	5,684,667	4,661,795	4,441,136	-	-
Unassigned	15,266,611	16,668,503	16,123,905	-	-
Total general fund	\$20,951,278	\$21,330,298	\$20,565,041	\$18,879,354	\$21,295,482
All other governmental funds					
Reserved	-	-	-	\$10,508,967	\$11,653,684
Unreserved, reported in:					
Special revenue funds	-	-	-	3,711,378	3,087,843 ²
Capital projects funds ¹	-	-	-	19,154,319	16,364,581
Restricted:					
Capital projects	28,411,579	31,250,773 ⁴	4,411,296	-	-
Law enforcement	2,116,404	1,716,204	1,281,939	-	-
Emergency telephone services	3,325,910	2,486,266	1,915,839	-	-
Grant projects	-	-	610,351	-	-
Debt service	745,672	327,547	4,948,377	-	-
Promotion of tourism	11,114	11,081	10,947	-	-
Assigned:					
Grant projects	325,292	85,510	103,241	-	-
Capital projects	6,415,189	5,001,690	4,055,233	-	-
Unassigned	-	(1,188,792)	-	-	-
Total all other governmental funds	\$41,351,160	\$39,690,279	\$17,337,223	\$33,374,664	\$31,106,108

	2008	2007	2006	2005	2004
General fund					
Reserved	\$49,466	\$411,191	\$416,165	\$381,148	\$910,188
Unreserved	22,833,742	19,435,188	21,989,576	20,565,210	17,675,936
Assigned - subsequent budget appropriations	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	\$22,883,208	\$19,846,379	\$22,405,741	\$20,946,358	\$18,586,124
All other governmental funds					
Reserved	\$15,270,790	\$14,809,412	\$15,644,487	\$13,927,318	\$13,303,127
Unreserved, reported in:					
Special revenue funds	2,746,028 ²	2,035,713 ²	129,081	46,402	10,722
Capital projects funds ¹	13,698,188	18,023,349	20,494,549	(2,687,361)	-
Restricted:					
Capital projects	-	-	-	-	-
Law enforcement	-	-	-	-	-
Emergency telephone services	-	-	-	-	-
Grant projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned:					
Promotion of tourism	-	-	-	-	-
Grant projects	-	-	-	-	-
Capital projects	-	-	-	-	-
Total all other governmental funds	\$31,715,006	\$34,868,474	\$36,268,117	\$11,286,359	\$13,313,849

1. The increase in 2006 is due to the issuance of the 2006 General Obligation Bonds.
2. During 2007, the City re-evaluated the reserved fund balances in its special revenue funds, and as a result is reporting more amounts as unreserved than in prior years.
3. During 2011 the City implemented GASB Statement No. 54, which changed the reporting of the fund balance.
4. During 2012 the City issued \$29,000,000 of general obligation bonds, which remained unspent at year-end.

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

(Modified Accrual Basis of Accounting)

	2013	2012	2011	2010	2009
Revenues					
Property taxes	\$23,127,131	\$23,226,420	\$25,175,624	\$25,940,049	\$26,363,736
Sales tax	12,173,275	12,239,330	11,230,204	11,174,798	10,696,787
Other taxes	16,596,690	15,951,485	14,343,669	13,830,636	13,849,941
Licenses and permits	1,859,213	2,201,211	1,819,139	1,497,744	1,369,379 ³
Intergovernmental	8,104,863	5,412,258	1,417,580	1,018,726	2,654,411
Contributions and donations	116,510	25,277	96,957	1,038,048	1,185,269
Charges for services	5,136,187	5,184,606	5,194,559	4,640,288	4,646,782
Impact fees	158,038	468,657	251,116	104,486	591,847
Fines and forfeitures	3,356,903	3,930,119	4,235,789	3,867,865	3,726,714
Investment earnings	97,018	87,739	84,599	350,630	1,204,047 ⁴
Miscellaneous	357,667	225,280	405,286	295,292	476,829
Total revenues	71,083,495	68,952,382	64,254,522	63,758,562	66,765,742
Expenditures					
General government	9,235,058	8,859,577	7,805,079	7,390,748	8,394,078
Public safety	25,074,754	24,696,668	24,489,746	23,891,333	23,656,964
Public works	6,700,695	6,580,587	6,343,910	7,025,225	7,312,275
Community development	4,340,018	3,934,018	3,813,176	3,624,923	3,741,557
Culture and recreation	6,128,106	6,140,771	6,139,829	6,168,144	6,303,376
Capital outlay	15,166,479	17,732,749	20,157,683	4,729,958	9,724,389 ⁵
Intergovernmental	4,130,000	—	—	—	—
Debt service:					
Principal	4,576,564	6,348,904	8,580,773	8,109,879	7,624,937
Interest	1,966,171	1,370,126	1,522,673	1,789,637	2,438,731
Other charges	—	400,334	—	—	153,513
Total expenditures	77,317,845	76,063,734	78,852,869	62,729,847	69,349,820
Excess (deficiency) of revenues over (under) expenditures	(6,234,350)	(7,111,352)	(14,598,347)	1,028,715	(2,584,078)
Other Financing Sources (Uses)					
Transfers in	8,994,917	10,291,074	6,837,811	8,143,936	7,867,835
Transfers out	(8,994,917)	(10,683,574)	(7,564,111)	(9,393,322)	(7,867,835)
General obligation bond proceeds	—	29,000,000	—	—	8,620,000
Premium on bond issuance	—	1,001,322	—	—	—
Payments to refunding escrow	—	—	—	—	(8,624,872)
Capital leases	3,290,981	487,153	725,000	—	—
Issuance of intergovernmental payable	4,130,000	—	—	—	—
Sale of capital assets	95,230	133,690	247,893	73,099	244,000
Total other financing sources (uses)	7,516,211	30,229,665	246,593	(1,176,287)	239,128
Net change in fund balances	\$1,281,861	\$23,118,313	\$(14,351,754)	\$(147,572)	\$(2,344,950)
Debt service as a percentage of noncapital expenditures					
	9.5%	12.5%	15.7%	16.8%	16.6%
Total debt service expenditures	6,542,735	7,719,030	10,103,446	9,899,516	10,063,668
Total non-capital expenditures	68,579,162	61,764,450	64,544,837	59,080,042	60,507,757

continued

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.

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

(Modified Accrual Basis of Accounting)

	2008	2007	2006	2005	2004
Revenues					
Property taxes	\$25,276,979	\$22,498,377	\$20,918,071	\$18,723,147	\$17,230,919
Sales tax	11,263,805	9,992,908	8,838,133	7,748,031	7,353,813
Other taxes	14,033,302	13,536,410	12,023,499	11,147,065	12,111,232
Licenses and permits	2,241,052	2,650,990	2,428,720	2,276,966	1,321,281
Intergovernmental	4,789,371 ²	190,137	416,456	196,872	1,171,126
Contributions and donations	1,401,217	1,194,078 ¹	—	—	—
Charges for services	4,863,146	4,899,304	4,189,487	3,919,248	3,311,125
Impact fees	453,917	1,115,177	724,847	1,312,996	425,190
Fines and forfeitures	3,936,673	3,477,753	2,820,273	1,952,446	2,358,334
Investment earnings	2,363,020	3,179,417	1,105,481	975,868	204,192
Miscellaneous	320,005	1,207,870	566,229	604,288	508,612
Total revenues	70,942,487	63,942,421	54,031,196	48,856,927	45,995,824
Expenditures					
General government	8,178,118	7,223,771	8,303,827	8,364,720	8,242,792
Public safety	21,584,771	19,858,875	16,924,195	14,540,215	13,349,993
Public works	6,929,946	5,762,199	3,595,196	3,381,817	3,001,165
Community development	4,083,613	3,890,550	3,557,433	2,863,836	2,659,983
Culture and recreation	6,453,642	6,043,546	5,466,088	5,643,779	5,452,189
Capital outlay	16,246,727	16,189,652	9,274,131	8,090,107	7,030,850
Intergovernmental	—	—	—	—	—
Debt service:					
Principal	7,316,818	6,345,025	4,856,725	4,309,250	3,800,950
Interest	2,745,648	2,807,337	2,006,528	2,194,637	2,378,921
Other charges	—	—	171,700	—	—
Total expenditures	73,539,283	68,120,955	54,155,823	49,388,361	45,916,843
Excess (deficiency) of revenues over (under) expenditures	(2,596,796)	(4,178,534)	(124,627)	(531,434)	78,981
Other Financing Sources (Uses)					
Transfers in	8,532,046	13,195,113	7,984,514	6,012,438	3,193,088
Transfers out	(8,532,651)	(13,195,113)	(8,235,382)	(5,984,082)	(3,193,088)
General obligation bond proceeds	—	—	26,290,000	—	—
Premium on bond issuance	—	—	520,136	—	—
Payments to refunding escrow	—	—	—	—	—
Capital leases	2,427,366	—	—	—	—
Issuance of intergovernmental payable	—	—	—	—	—
Sale of capital assets	53,396	219,529	6,500	227,259	14,095
Total other financing sources (uses)	2,480,157	219,529	26,565,768	255,615	14,095
Net change in fund balances	\$(116,639)	\$(3,959,005)	\$26,441,141	\$(275,819)	\$93,076
Debt service as a percentage of noncapital expenditures					
Total debt service expenditures	17.4%	19.8%	18.1%	18.7%	18.9%
Total non-capital expenditures	10,062,466	9,152,362	6,863,253	6,503,887	6,179,871
Total non-capital expenditures	57,895,569	46,322,696	37,846,739	34,794,367	32,706,122

City of Alpharetta
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
2004	17,230,919	7,353,813	3,209,350	1,273,631	1,071,032	6,557,219	36,695,964
2005	18,723,147	7,748,031	2,938,193	1,259,788	1,144,076	5,805,008	37,618,243
2006	20,918,071	8,838,133	4,170,781	1,422,656	1,247,570	5,182,492	41,779,703
2007	22,498,377	9,992,908	5,065,549	1,428,013	1,274,349	5,768,499	46,027,695
2008	25,276,979	11,263,805	5,378,667	1,360,329	1,309,253	5,985,053	50,574,086
2009	26,363,736	10,696,787	5,838,582	1,236,082	1,344,642	5,430,635	50,910,464
2010	25,940,049	11,174,798	6,017,828	1,110,772	1,537,425	5,164,611	50,945,483
2011	25,175,624	11,230,204	6,152,869	1,176,898	1,619,468	5,394,434	50,749,497
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

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

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

Fiscal Year	Real Property		Personal Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential	Commercial	Motor Vehicles	Other					
2004	1,039,727,230	1,719,450,312	162,044,513	45,870	287,138,088	2,634,129,837	7.00	7,303,169,813	40.00%
2005	1,101,782,470	1,852,175,974	166,615,420	18,563	291,445,159	2,829,147,268	7.00	7,801,481,068	40.00%
2006	1,240,207,540	1,825,547,513	180,951,120	72,799	317,149,382	2,929,629,590	7.00	8,116,947,430	40.00%
2007	1,518,944,750	2,040,496,402	191,384,580	11,180	357,722,090	3,393,114,822	6.60	9,377,092,280	40.00%
2008	2,014,574,410	2,223,045,288	208,677,560	24,087	436,052,018	4,010,269,327	6.25	11,115,803,363	40.00%
2009	2,073,091,570	2,873,418,525	209,980,220	24,950	479,617,470	4,676,897,795	5.75	12,891,288,163	40.00%
2010	2,050,816,880	2,721,978,449	212,426,680	29,658	486,085,608	4,499,166,059	5.75	12,463,129,168	40.00%
2011	1,966,548,340	2,634,434,718	193,069,470	85,922	546,731,438	4,247,407,012	5.75	11,985,346,125	40.00%
2012	1,900,633,180	2,603,970,058	198,495,280	29,308	541,498,910	4,161,628,916	5.75	11,757,819,565	40.00%
2013	1,899,875,770	2,558,697,811	201,312,700	10,760	533,072,610	4,126,824,431	5.75	11,649,742,603	40.00%

Source: Georgia Department of Revenue, Property Tax Division

Notes:

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

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

Real property values include tax-exempt property.

Homestead exemption was increased to \$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.

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

Fiscal Year	Tax Year	City of Alpharetta			Fulton County			School District			State	Direct & Overlapping Rates
		General Obligation			General Obligation			General Obligation				
		Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage		
2004	2003	4.750	2.250	7.000	12.052	0.270	12.322	17.758	0.298	18.056	0.250	37.628
2005	2004	4.700	2.300	7.000	11.581	0.066	11.647	17.315	0.291	17.606	0.250	36.503
2006	2005	4.550	2.450	7.000	11.581	0.064	11.645	17.825	0.282	18.107	0.250	37.002
2007	2006	4.150	2.450	6.600	11.407	0.063	11.470	17.825	0.282	18.107	0.250	36.427
2008	2007	4.508	1.740	6.248	10.281	0.000	10.281	16.904	1.189	18.093	0.250	34.872
2009	2008	4.215	1.535	5.750	10.281	0.000	10.281	16.403	1.099	17.502	0.250	33.783
2010	2009	4.215	1.535	5.750	10.281	0.000	10.281	17.502	0.000	17.502	0.250	33.783
2011	2010	4.215	1.535	5.750	10.281	0.000	10.281	18.502	0.000	18.502	0.250	34.783
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

Source: Georgia Department of Revenue, Property Tax Division

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

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

Fiscal Year	State of Georgia	Local Option Sales Tax	Metropolitan Atlanta Regional Transportation	Fulton County Board of Education	Total Overlapping Rates
2004	4 %	1 %	1 %	1 %	7%
2005	4	1	1	1	7
2006	4	1	1	1	7
2007	4	1	1	1	7
2008	4	1	1	1	7
2009	4	1	1	1	7
2010	4	1	1	1	7
2011	4	1	1	1	7
2012	4	1	1	1	7
2013	4	1	1	1	7

Source: Georgia Department of Revenue, Property Tax Division

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

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

City of Alpharetta
PRINCIPAL PROPERTY TAXPAYERS
Current and Nine Years Ago

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
BRE COH GA LLC	\$65,493,880	1	1.59%	–	–	–
Sanctuary Park Realty Holding	58,889,740	2	1.43	–	–	–
GGP North Point Inc	56,513,390	3	1.37	30,456,480	1	1.16%
Gardner DR LLC	29,015,280	4	0.70	18,943,520	2	0.72
CH Realty IV Royal Centre LLC	28,907,300	5	0.70	–	–	–
Metropolitan Life Ins Co	25,370,760	6	0.61	–	–	–
AMLI at Milton Park LLC	22,826,000	7	0.55	–	–	–
Northside Ventures Inc	22,172,000	8	0.54	–	–	–
CP Venture Two LLC	21,877,600	9	0.53	11,166,600	8	0.42
Imperatum Georgia LLC	21,619,970	10	0.52	17,568,520	4	0.67
HBO & Co of GA	–	–	–	18,137,590	3	0.69
Duke Realty LTD Partnership	–	–	–	14,606,710	5	0.55
Allianz Life Insurance	–	–	–	14,265,680	6	0.54
Digital Equipment Corp	–	–	–	11,310,720	7	0.43
State Farm Mutual Auto Inc.	–	–	–	10,013,800	9	0.38
Drever Governors LLC	–	–	–	9,937,040	10	0.38
Totals	\$352,685,920		8.55%	\$156,406,660		5.94%

Source: Fulton County Board of Assessors

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

Fiscal Year	Tax Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Pct. of Levy		Amount	Pct. of Levy
2004	2003	17,211,439	16,935,962	98.40%	257,245	17,193,207	99.89%
2005	2004	18,188,180	18,188,800	100.00	(16,306) ¹	18,172,494	99.91
2006	2005	19,556,666	19,227,210	98.32	302,259	19,529,469	99.86
2007	2006	21,345,278	20,926,995	98.04	395,199	21,322,194	99.89
2008	2007	23,626,058	23,144,721	97.96	446,659	23,591,380	99.85
2009	2008	25,158,928	24,170,200	96.07	929,707	25,099,907	99.77
2010	2009	24,787,156	24,113,565	97.28	552,995	24,666,560	99.51
2011	2010	23,238,644	22,902,145	98.55	182,995	23,085,140	99.34
2012	2011	21,922,802	21,691,376	98.94	228,082	21,919,458	99.98
2013	2012	21,350,240	21,113,760	98.89	–	21,113,760	98.89

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

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

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Capital Leases	Notes Payable	Revenue Bonds	Capital Leases			
2004	\$45,135,000	—	\$1,502,325	\$1,645,000	—	\$48,282,325	3.30%	\$1,301
2005	40,900,000	—	1,428,075	—	—	42,328,075	2.80	1,106
2006	62,410,000	—	1,351,350	—	—	63,761,350	3.35	1,322
2007	56,145,000	—	1,271,325	—	—	57,416,325	2.40	1,120
2008	49,220,000	2,118,873	1,188,000	—	—	52,526,873	2.15	1,005
2009	42,050,000	1,845,561	971,850	—	—	44,867,411	1.82	857
2010	34,270,000	1,560,232	927,300	—	—	36,757,532	1.80	700
2011	26,220,000	1,841,909	839,850	—	—	28,901,759	1.18	502
2012	49,280,000	2,010,908	749,100	—	—	52,040,008	1.97	876
2013	48,753,210	2,525,200	4,784,225	—	—	56,062,635	2.00	905

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

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

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

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property ¹	Per Capita ²
2004	\$45,135,000	0.62%	\$1,216
2005	40,900,000	0.52	1,069
2006	62,410,000	0.77	1,294
2007	56,145,000	0.60	1,096
2008	49,220,000	0.44	941
2009	42,050,000	0.33	803
2010	34,270,000	0.27	653
2011	26,220,000	0.22	455
2012	49,280,000	0.42	830
2013	48,007,538	0.41	775

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

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

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

City of Alpharetta DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2013

	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City of Alpharetta ¹	Amount Applicable to City of Alpharetta
Overlapping General Obligation Debt:			
Fulton County, Georgia	\$161,545,110	8.1%	\$13,085,154
Fulton County Board of Education	102,740,000	13.7%	14,075,380
Subtotal, overlapping debt	264,285,110		27,160,534
City of Alpharetta direct debt	48,753,210	100.0%	48,753,210
Total direct and overlapping debt	\$313,038,320		\$75,913,744

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

City of Alpharetta LEGAL DEBT MARGIN INFORMATION Last Ten Fiscal Years

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Debt limit	\$465,989,704	\$470,312,783	\$479,413,845	\$498,525,167	\$515,651,527	\$444,632,135	\$375,083,691	\$324,677,897	\$312,059,243	\$292,126,793
Total net debt applicable to limit	48,007,538	48,952,453	21,271,623	27,458,890	33,174,764	38,571,506	45,435,910	55,542,002	37,264,279	43,713,374
Legal debt margin	\$417,982,166	\$421,360,330	\$458,142,222	\$471,066,277	\$482,476,763	\$406,060,629	\$329,647,781	\$269,135,895	\$274,794,964	\$248,413,419
Total net debt applicable to the limit as a percentage of debt limit	10%	10%	4%	6%	6%	9%	12%	17%	12%	15%

Legal Debt Margin Calculation for Current Fiscal Year

Assessed value	\$4,126,824,431
Add back: exempt real property	533,072,610
Total assessed value	4,659,897,041
Debt limit (10% of total assessed value)	465,989,704
Debt applicable to limit:	
General obligation bonds	48,753,210
Less: Amount set aside for repayment of general obligation debt	(745,672)
Total net debt applicable to limit	48,007,538
Legal debt margin	\$417,982,166

City of Alpharetta
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Fiscal Year	Population ¹	Personal Income	Per Capita Personal Income ²	Median Age ³	Education Levels in Years of Formal Schooling ⁴	School Enrollment ⁴	Unemployment Rate ²
2004	37,124	\$1,463,873,568	\$39,432	33.3	16.0	19,536	2.1%
2005	38,274	1,509,220,368	39,432	33.0	16.0	19,567	4.5
2006	48,240	1,902,199,680	39,432	33.0	16.0	19,598	3.5
2007	51,243	2,393,048,100	46,700	35.6	16.0	18,966	3.0
2008	52,282	2,441,569,400	46,700	35.7	16.0	18,354	3.7
2009	52,334	2,470,060,132	47,198	36.3	16.0	11,639	8.1
2010	52,508	2,042,193,644	38,893	36.3	16.0	11,417	7.9
2011	57,571	2,442,795,101	42,431	36.8	16.0	11,022	7.8
2012	59,397	2,642,513,133	44,489	36.8	16.0	12,033	6.9
2013	61,981	2,800,921,390	45,190	36.8	16.0	16,456	6.2

Data sources:

1. Bureau of the Census/County Regional Planning Commission
2. State Department of Labor
3. State Department of Commerce
4. School District, with school enrollment for fiscal year 2006 estimated based upon trend data. Reduction in school enrollment in 2009 due to adjustment for incorporation of City of Milton

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

City of Alpharetta
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

As of December 31

Employer	2013			2005*		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
ADP	2,024	1	2.70%	1,700	3	1.68%
McKesson	1,775	2	2.37	1,400	4	1.38
LexisNexis	1,483	3	1.98	–	–	–
Comcast of Georgia	1,000	4	1.33	–	–	–
Verizon	920	5	1.23	–	–	–
Hewlett Packard	892	6	1.19	1,000	7	0.99
UPS Supply Chain Solutions	800	7	1.07	850	10	0.84
GE Consumer Finance - America	624	8	0.83	–	–	–
E Trade Financial	537	9	0.72	–	–	–
Coca-Cola Refreshments	529	10	0.71	–	–	–
AT & T	–	–	–	2,600	1	2.57
Cingular Wireless	–	–	–	1,800	2	1.78
Lucent Technologies	–	–	–	1,359	5	1.34
Equifax	–	–	–	1,195	6	1.18
Radiant Systems	–	–	–	925	8	0.91
MCI	–	–	–	900	9	0.89
	10,584		4.11%	13,729		13.56%

Source: City of Alpharetta Community Development Department

*Note: Information for top 10 employers was not available for 2002 through 2004.

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

<i>Function</i>	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General government										
Mayor and City Council										
Elected officials	7	7	7	7	7	7	7	6	7	7
City Administrator										
Full-time personnel	6	7	7	7	7	6	7	7	5	8
Part-time personnel	2	3	2	-	-	1	2	2	1	-
City Clerk										
Full-time personnel	3	2	2	2	2	2	2	2	3	-
Economic development										
Full-time personnel	2	-	-	-	-	-	-	-	-	-
Engineering										
Full-time personnel	29	29	29	29	29	26	28	23	23	21
Environmental Services										
Full-time personnel	-	-	-	-	-	-	-	-	-	-
Finance										
Full-time personnel	22	24	24	24	24	24	22	21	21	22
Part-time personnel	1	1	1	1	1	-	-	-	2	2
Human Resources										
Full-time personnel	2	3	3	3	3	3	6	6	6	6
Municipal Court										
Elected officials	1	1	1	1	1	1	1	1	1	1
Full-time personnel	7	8	8	7	7	8	8	6	6	6
Part-time personnel	1	-	-	1	1	-	-	-	1	-
Public Information										
Full-time personnel	1	-	1	1	1	1	1	1	2	2
Technology Services										
Full-time personnel	12	11	11	11	11	12	9	8	8	6
Part-time personnel	1	-	-	-	-	-	-	-	-	-
Community Development										
Full-time personnel	21	20	20	21	21	21	21	18	20	20
Public Safety										
Police										
Full-time certified officers	105	105	105	104	104	104	102	84	76	74
Full-time uncertified officers	-	-	-	-	-	-	-	3	1	-
Full-time civilian	29	30	25	34	34	32	30	27	30	30
Part-time civilian	11	12	3	6	6	3	8	2	3	3
Fire										
Full-time certified firefighters	96	95	95	93	93	94	86	77	83	81
Part-time certified firefighters	-	2	2	1	1	-	3	3	3	3
Full-time uncertified firefighters	-	-	-	-	-	-	3	6	1	-
Full-time support personnel	-	-	-	-	-	-	1	1	1	1
Public works										
Full-time personnel	33	33	33	33	33	33	28	31	35	35
Culture and recreation										
Full-time personnel	51	51	51	51	51	51	51	50	50	50
Total	443	444	430	437	437	429	426	385	389	378

City of Alpharetta
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

<i>Function</i>	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General government										
Ordinances approved	10	13	12	20	35	40	30	30	25	30
Special events held	95	90	62	62	65	61	35	38	39	38
Court cases heard	17,498	18,946	21,336 ¹	9,859	12,449	12,428	12,527	12,342	12,499	12,342
Bond rating	Aa1-AAA	Aa1-AAA	Aa1-AAA	Aa1-AAA	Aa1-AAA	Aa1-AAA	Aa1-AAA	Aa1-AA+	Aa1-AA+	Aa1-AA+
Software applications supported	157	164	173	172	179	80	70	68	66	60
Grants managed	44	40	43	40	30	34	34	26	17	16
Police										
Calls for service	77,156	70,711	74,773	82,499	74,966	98,223	80,229	52,056	45,731	52,056
Part 1 crimes reported	1,627	1,797	1,486	1,676	1,126	1,899	2,077	1,922	1,445	1,727
Traffic citations issued	24,316	22,517	21,561	23,621	18,727	17,519	19,197	16,100	15,290	22,860
Fire										
Incident responses	5,984	5,268	5,410	6,143	6,197	5,939	5,590	5,113	5,119	4,909
Average response time	3:40	6:18	6:18	6:46	6:24	4:23	5:24	5:29	12:04	12:04
Fire safety programs conducted	146	176	146	145	126	100	395	203	299	203
Inspections conducted	7,048	7,215	7,269	7,216	7,404	5,093	6,456	4,646	5,753	4,646
Highways and streets										
Traffic signals timed	54	51	50	40	56	N/A	82	N/A	41	N/A
Average days to repair pothole	1	1	1	1	2	1	2	25	2	25
Stormwater plans reviewed	163	133	133	103	161	260	224	68	60	68
Community development										
New building permits issued	3,287	2,995	2,516	2,360	3,352	3,692	4,821	3,855	3,800	3,855
Parcels annexed	-	-	-	1	-	2	36	352	352	-
Culture and recreation										
Park acres maintained	312	312	312	311	311	306	306	300	306	300
Greenway acres maintained	206	206	206	205	205	200	200	200	200	200
Annual program registrants	36,191	26,366	20,106	20,132	21,135	23,597	23,777	23,500	23,791	23,500

Source: Various City departments

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

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

<i>Function</i>	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units and support vehicles	155	135	146	139	145	138	115	110	97	89
Police motorcycles	8	8	7	7	7	6	5	6	6	4
Fire										
Fire stations	6	6	6	6	6	6	6	6	4	5
Ladder units - in service	1	1	1	1	1	1	2	2	3	2
Ladder units - reserve	1	1	1	1	1	1	-	-	1	1
Pumper units - in service	6	6	6	6	6	6	6	6	5	5
Pumper units - reserve	2	2	2	2	2	2	2	2	2	2
Highways and streets										
Streets - paved (miles)*	214	214	214	218	270	270	270	257	217	211
Streets - unpaved (miles)	1	1	1	1	1	2	2	2	1	2
Sidewalk (miles)	212	211	205	205	202	204	170	143	116	N/A
Drainage - piped (miles)	99	100	100	100	100	99	99	90	40	40
Drainage - open (miles)*	35	40	40	40	165	165	165	157	140	140
Culture and recreation										
Parks - active and passive	15	14	15	14	11	9	9	9	9	7
Park acreage	764	764	764	762	762	757	760	769	769	769
Greenway and walking trails (miles)	12	12	12	11	11	11	11	11	11	10
Adaptive athletic fields	1	1	1	1	1	1	1	1	1	-
Athletic fields	29	28	28	29	28	29	29	29	29	29
Equestrian facilities	1	1	1	1	1	1	1	1	1	1
Hockey rinks	2	2	2	2	2	2	2	2	2	2
Swimming pools	1	1	1	1	1	2	2	2	2	2
Tennis courts	17	17	17	17	17	17	17	17	17	17
Recreation buildings	20	20	20	20	18	18	11	11	11	11
Playgrounds	8	8	8	7	7	7	7	6	6	5
Picnic shelters/restrooms	24	24	33	31	31	29	24	23	23	23

Sources: Various government departments

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

* Change due to update of GIS records



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Alpharetta, GA 30009