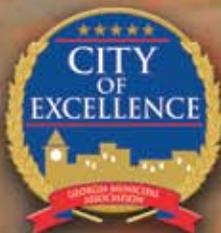


Alpharetta

GEORGIA • U S A

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014





City of Alpharetta, Georgia

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014

Prepared By:
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City Administrator



Introductory Section

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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, 2014. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls established for this purpose. Since the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

Mauldin & Jenkins, LLC, have issued an unmodified (“clean”) opinion on the City of Alpharetta’s financial statements for the year ended June 30, 2014. The independent auditor’s report is located at the front of the financial section of this report.

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

Our History

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

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

Located approximately 25 miles north of the City of Atlanta, Alpharetta occupies a land area of approximately 27 square miles and serves an estimated population of 62,298. Population growth has been fueled in part by the City’s strong economic base as well as the annexation of surrounding communities. 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).

Community Profile

INFRASTRUCTURE

ADVANTAGES

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



600+
Tech Companies



60%
D/L Speeds
Above U.S. Average



19.6M
Total Sq. Ft.
Office Space

Alpharetta’s technological infrastructure is the ideal environs for tech companies and beyond, whether it’s a burgeoning start-up looking to stake its claim or global conglomerates in need of an expansion. You won’t find a more fertile ground for business to grow. The City of Alpharetta is a utopia of tech that boasts an ever-growing list of economic advantages.



Citywide Power Redundancies





Abundance of Data Centers
Enterprise and Co-Location

AVAILABILITY

Alpharetta’s office vacancy rate has fallen below 11% making it one of the lowest office vacancy rates in Metro Atlanta and Georgia. Two of the largest non-renewal leases in Metro Atlanta decided to call Alpharetta home in 2014 (Fiserv during Q1; Halyard Health during Q2).

Alpharetta Vacant Available Office Rate											
2011 4Q	2012 1Q	2012 2Q	2012 3Q	2012 4Q	2013 1Q	2013 2Q	2013 3Q	2013 4Q	2014 1Q	2014 2Q	QTD
14.10%	12.90%	13.20%	13.20%	14.40%	14.00%	13.70%	15.10%	14.10%	12.10%	10.40%	10.50%

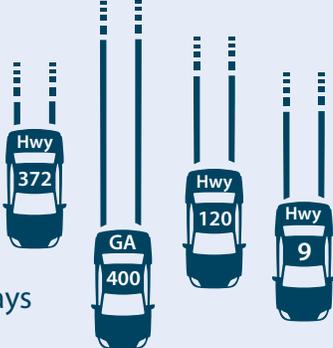
ACCESSIBILITY

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



26.6 Miles from Alpharetta
to Downtown Atlanta

4 Major Highways



4 MARTA Routes to Atlanta



BUSINESS CLIMATE

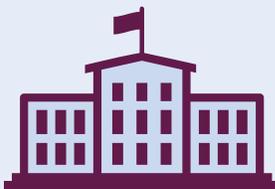
LOCAL COMPANIES

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

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



LOCAL GOVERNMENT



It's one thing to roll out the welcome mat for new businesses; it's something altogether rare for a local government to provide constant communication and full support for its economic catalysts. And we're working on a new city hall and city center to help further meet the needs of our expanding business community.

TAX CREDITS AND INCENTIVES

The city of Alpharetta and the state of Georgia offer several tax credits, grants, fee reductions, and other forms of financial assistance for businesses big and small.

Alpharetta Incentive Programs

- Expedited Permitting and Inspections
- Discounting Permitting and Inspection Fees
- Local Job Creation Credit
- Tax Abatement
- Revenue Bonds

Georgia Incentive Programs

- Tax Exemptions
- Job Tax Credit
- Quality Jobs Tax Credit
- Work Opportunity Tax Credit
- Retraining Tax Credit
- Mega Project Tax Credit
- Investment Tax Credit
- Optional Investment Tax Credit
- Research and Development Tax Credit



Community Profile *continued*

BUSINESS CLIMATE *continued*

JOB GROWTH

Job creation trends in Alpharetta are positive and highlight strong growth into the future. Prominent job growth plans within the next 12 months include:



Halyard Health (spinoff of Kimberly Clark): Fortune 1000 company is bringing 800 jobs to Alpharetta (600 relocations; 200 new)



High-Rez Studios: investing \$10 million in facility improvements and creating 30 new jobs



Verizon Wireless: adding 400 jobs in Georgia with over 200 in their Alpharetta and Milton locations (mix of relocation/new jobs)



Bridge2Solutions: signing a new 23,000 sq.ft. lease and adding over 50 jobs (mix of relocation/new jobs)



Proximity Payment: planning a 25,000 sq.ft. facility expansion and adding over 200 jobs (mix of relocation/new jobs).



WORKFORCE

COMPETITIVE EDGE

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

62.7 percent of Alpharetta's residents own a bachelor's degree or higher, which is nearly 35 percent above the national average for young adults. And there are plenty of them, too. With a **daytime population over 100,000**, Alpharetta boasts 3,500 workers per square mile; that's more than major metropolises like Denver, Houston, Charlotte, Nashville, Austin, and even Atlanta.

EDUCATION

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

21%

Graduate or Professional Degree



41.7%

Bachelor's Degree



5.2%

Associate's Degree

PROFESSIONS

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

52%

Households Earn \$100K or More



77%

Employed in Professional/ Technical Sector



62K

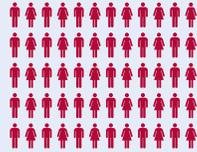
Total City Population

Community Profile *continued*

PERSONNEL

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

100K
Daytime
Population



650K
People With
30-Minute Drive Time



3,500
Workers Per
Square Mile

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

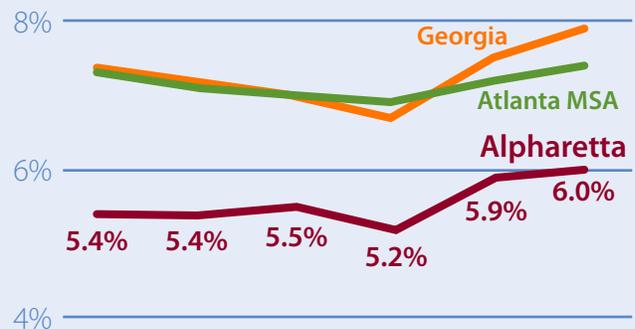


**Over 1/4 of Metro Atlanta's
Top 25 Technology Employers**



UNEMPLOYMENT

Alpharetta is in the top 3 of cities in Georgia with the lowest unemployment rates. While trending up slightly (along with the state and economy as a whole), Alpharetta still significantly outperforms the Atlanta Metropolitan Statistical Area and Georgia.



UNIVERSITIES AND COLLEGES

Alpharetta's highly educated workforce comes from all over the state and beyond. Whether it's the remarkable public and private schools throughout the state to the numerous community and technical colleges—like Gwinnett Technical College, building right here in Alpharetta—our businesses have a pipeline of refined minds ready to work.

See where Alpharetta's many public and private universities are harvesting the forward-thinkers of tomorrow's tech enterprises.



QUALITY OF LIFE

ALPHARETTA LIVING

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

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

**Top 25 Best Places
To Move**

Forbes

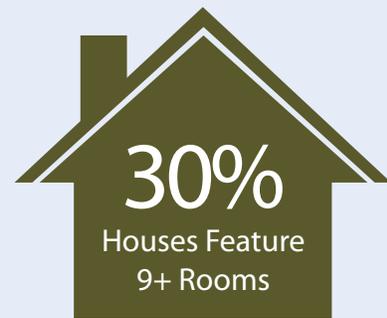
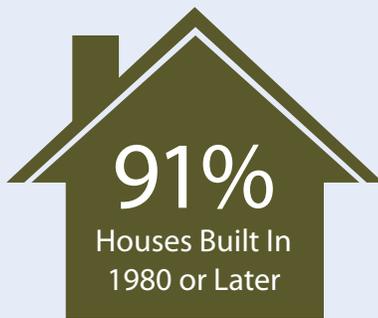
**Sixth Fastest Growing
City in the U.S.**

**United States™
Census
Bureau**

HOUSING

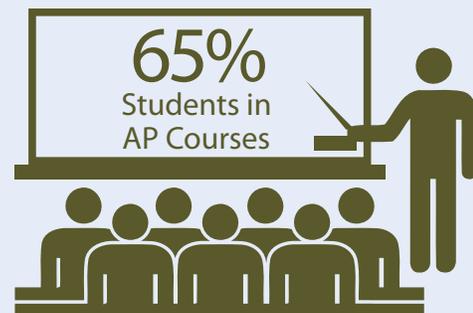
Our many workspaces and office buildings are state-of-the-art, but we admit that they'd make a lousy home. Thankfully, Alpharetta has plenty of great housing options to choose from.

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



SCHOOLS

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



Community Profile *continued*

ENTERTAINMENT

How did we earn our place in Forbes' "Top Ten Friendliest Cities in America" list? We didn't do it by staying home all the time, that's for sure. From the brand new \$600 million Avalon entertainment concourse to excellent events at the Verizon Wireless Amphitheatre at Encore Park to countless independently owned businesses, it's hard not to love thy neighbor.



DINING

Food is more than just fuel—it's an excuse to relax, converse, and celebrate the people around us. Whether you're into local gastropubs that brew their own craft beers or inventive restaurants that span the culinary cultural palate, we've got plenty of reasons to treat yourself. And don't miss Food Truck Thursdays, featuring the city's finest mobile kitchens bringing delightful dishes to your neighborhood.



TARGETED DEVELOPMENT

AVALON

In the heart of Alpharetta, this sustainably-designed, 86-acre development with 559,000 square feet of retail, a 14-screen theater, four-star hotel, Class A office, single-family residences and luxury rental homes infuses resort-level hospitality throughout a walkable, seamlessly connected community of shopping, dining, entertainment, living, and working. It's more than just another place to go, it's a place to be—a hub of local art and activity that delivers the luxury of time well spent.

Retail

570,000 square feet of curated retailers and local chef-driven restaurants deliver a destination for those seeking to experience a hotspot of cultural activity and amazing finds.

Residential

The 800 residents—both in luxury lofts and in an exclusive single-family courtyard enclave—who call Avalon home will experience a truly connected lifestyle, where everything is just a walk or click away.

Office

750,000 square feet of Class-A office space and office lofts in a Gigabit community—with superfast pervasive internet connection speeds—create a hub of connectivity for the modern workplace.

Hotel

A 300-room hotel and 47,000 squarefoot convention center caters to business and leisure travelers who want to meet, mingle, work and stay someplace unlike anyplace else.

Connectivity

Avalon is Georgia's first Gigabit community, a futureproof fiberhood with internet connection speeds 100x faster than what's currently available.



CITY CENTER

The components of the Alpharetta City Center will create a place and an atmosphere where people naturally want to be; drawing residents and visitors to the heart of our community to read a good book, enjoy a family picnic, attend a community event, and enjoy the company of friends and neighbors. While there are many who will also patronize the unique shops and restaurants that call Downtown Alpharetta home.



TARGETED DEVELOPMENT *continued*

CITY CENTER PHASE I Dec. 2014 completion (except Library which is on schedule for summer 2015)



CITY HALL

Acting as a strong visual element, the new City Hall has the ability to draw people into the site. It will also act as a focal point within the City Park which surrounds it on three sides.



PARKING DECK

Parking to support the City Hall, Library, and the future commercial uses on the site is located in a 450-space Municipal Parking Deck. A total of 174 additional parking spaces are provided as on-street parallel parking throughout the site.



LIBRARY

The new new 25,000-square-foot Fulton County library is situated on it's own 3 acre site that is designed as an extension of the park including interconnected pathways.



TOWN GREEN

The 1-acre town green is an iconic destination, fronted on Main Street, that will be a focal point of the downtown historic district. The green and the surrounding streets will become the hub for farmer's markets, street fairs and performances.



CITY PARK

The city park is five contiguous acres will provide walking paths, areas with open lawns, a small amphitheater with band shell for events, shaded areas for sitting, a stream water feature and other public amenities.



CIRCULATION NETWORK

To allow for successful future development to occur with-in the project, and to link to the adjacent downtown grid, five new interior streets create multiple access points to the site and define a network of "shared paths" throughout the site to be utilized by pedestrians and motorists alike.

The environment created through these civic elements will also offer a unique environment for 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.

CITY CENTER PHASE II RFQ/RFP process underway to secure a development partner



COMMERCIAL DEVELOPMENT

These areas are planned for flexibility and to allow for phased development of a variety of uses. Up to four different development pads are available that comprise approximately 4.53 acres (197,411.46 square feet) of prime build-able property, located within the Alpharetta's City Center project. The master plan is configured to specifically encourage the development of successful street-level retail, service, and restaurant uses that will enhance and expand the quality of businesses in the downtown, thus creating a strong draw of customers during daytime and evening, weekdays and weekends.

Budget Basis and Structure

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

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

Strategic Financial Planning

Governments in our regional area as well as across the country have experienced significant budgetary shortfalls due to the weakened economy and low 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. City departments responded to the direction provided by the Finance Department and submitted base operating budgets for each activity and program in-line with current revenue estimates that cover the city's primary cost drivers (e.g. healthcare).

The issue of sustainability also is addressed through a diversification of revenue sources. While property taxes do represent the largest single source of revenue, significant discussion is

centered on how to further diversify the City's revenue base and lessen reliance on property taxes. Existing revenue sources are evaluated on an annual basis to ensure the underlying rate is reasonable and justifiable. Examples of revenue sources that are reevaluated annually include all user fee based revenue sources (i.e. permits, licenses, recreation fees, etc.).

The City has historically acknowledged the need to provide a taxation rate commensurate with the government's level of service while ensuring tax relief through efficient and effective management practices. The City levied a millage rate of 5.75 in fiscal year 2014 which, while flat with fiscal year 2013, continues recurring capital program funding of \$2.4 million (e.g. funds the milling & resurfacing of City streets, traffic equipment maintenance and replacement, fleet replacement, etc.) and establishes \$265,000 for debt service associated with a contribution towards the Alpharetta campus of Gwinnett Technical College. 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 2014 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 \$20,873,496, which is a decrease of \$77,782 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. This balance represents approximately 37% of 2015 budgeted expenditures. Approximately 20% of total fund balance, or \$4,105,260, constitutes assigned fund balance for 2015 fiscal year expenditures.

Approximately 80% of total fund balance, or \$16,768,236, constitutes unassigned fund balance. This balance represents approximately 30% of 2015 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 \$11,750,000 at fiscal year-end. The surplus after such emergency reserve will allow the City to fund one-time future capital in the amount of \$5,018,236 as part of the annual budget to be developed for fiscal year 2016.

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

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

Relevant Financial Policies

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

Major Initiatives

Traffic improvement, consisting of the continued networking of traffic signals into the City's transportation control system as well as intersection improvements aimed at improving traffic flow, is a high priority for the City of Alpharetta. The City completed traffic improvements to Westside Parkway (Phase 3) and State Route 9 (Advanced Traffic Management System) aimed at improving traffic flow and continued its aggressive infrastructure maintenance plan (milling and resurfacing of city streets, traffic signal system replacement, traffic control system replacement, bridge maintenance, etc.).

The City also focuses on quality of life projects including sidewalk improvements along Haynes Bridge Road and Windward Parkway, landscaping improvements along Haynes Bridge Road, as well as various recreation improvements including a lighting warning system at multiple park locations and resurfacing of the tennis courts at Webb Bridge Park. Additionally, the City is focused on the future as evident through completion of a design process for transportation improvements to the Rucker Road Corridor and the design of a bike route for Mayfield Road.

Also during 2014 the City allocated \$8.1 million towards the capital improvement program. Projects funded include: infrastructure maintenance and improvements (milling and resurfacing of streets, signal system, striping, bridge maintenance, etc. \$2.4 million); drainage maintenance and improvements

(storm drainage repair, Cains Cove drainage improvements, etc. \$975,000); transportation improvements (various intersection upgrades, Rucker Road corridor design, etc. \$950,000); sidewalk and bike route improvements (Marietta Street, Haynes Bridge Road, Windward Parkway, etc. \$788,000); Technology Replacement (laptops, desktops, data center servers, etc. \$590,000); fleet and equipment replacement (\$990,000); recreation improvements (scoreboard repairs, lightning warning system for various parks location, tennis court resurfacing at Webb Bridge Park, etc. \$196,000); economic development initiatives (\$200,000), downtown master plan update (\$300,000), 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 December 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, 2013. 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 25th 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, 2013. 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 11th 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, 2014. 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 11th consecutive year that the City has received this prestigious award. This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements and have submitted it to GFOA to determine its eligibility for another award.

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

Respectfully submitted,

A handwritten signature in black ink that reads "Thomas G. Harris". The signature is written in a cursive, flowing style.

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, 2013

Executive Director/CEO

Elected and Appointed Officials June 30, 2014

Elected Officials

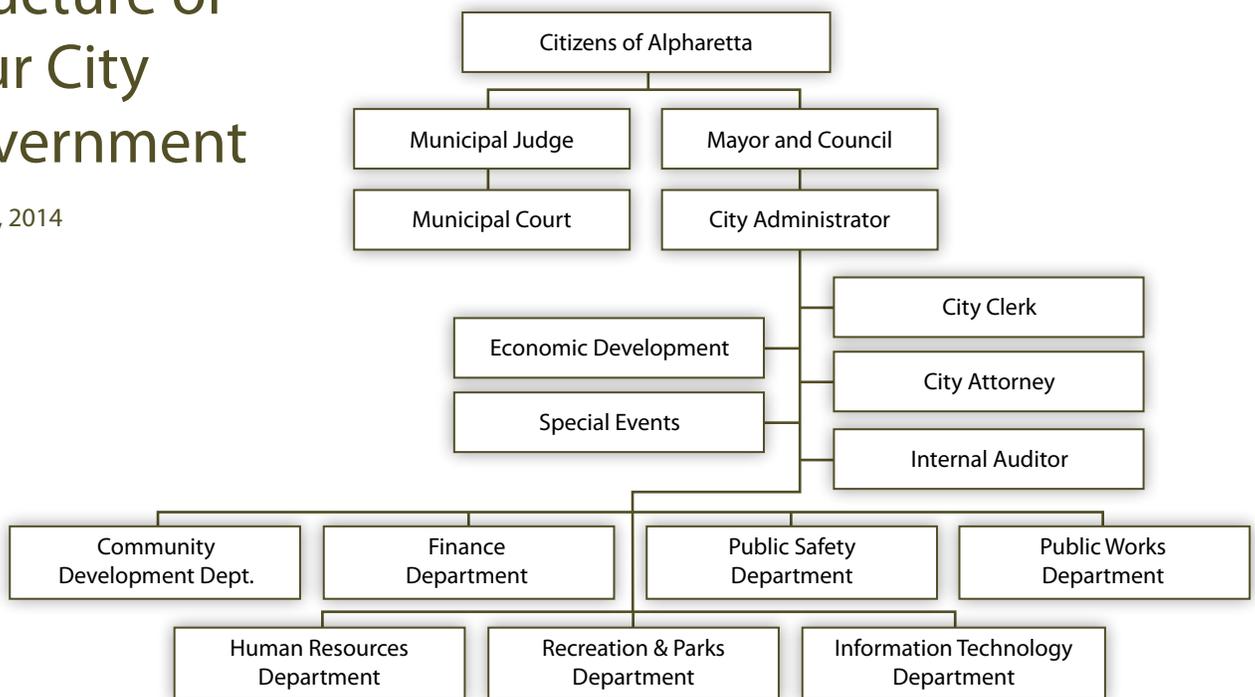
Mayor David Belle Isle
 Council Member – Post 1. Donald Mitchell
 Council Member – Post 2. Mike Kennedy
 Council Member – Post 3. Chris Owens
 Council Member – Post 4. Jim Gilvin
 Council Member – Post 5. Michael Cross
 Council Member – Post 6. D. C. Aiken

Appointed Officials

City Administrator Robert J. Regus
 City Attorney Sam Thomas
 City Clerk Coty Thigpen
 Finance Director. Thomas G. Harris
 Assistant City Administrator James Drinkard
 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
 Municipal Judge. Barry Zimmerman

Structure of Your City Government

June 30, 2014



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.

The data below represent a sampling of fiscal year 2014 workload and performance measures for the Public Safety Department that track our efforts and corresponding results towards 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 41 ACE (Alpharetta Community of Excellence) neighborhood meetings, 47 Business Watch meetings, 161 fire safety events, 48 business fire drills, 158 car seat inspections, and 214 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 6/30/2014

Sworn Police Officers	108
Top priority calls ¹	1,611
Violent/Property crimes:	
Arrests ²	319
Cleared cases ²	118
Other crimes:	
Drug arrests	269
DUI arrests	341
Other arrests ³	468
Certified Firefighters	97
Fire Incidents:	
Residential structure	42
Commercial/Industrial structure	5
Non-structure ⁴	75
Non-Fire incidents ⁵	6,121
Rescue/Recovery incidents	34
EMS incidents	3,133
Hazardous material incidents	63
911 calls	43,514

Top Priority Calls per 1,000 residents

Actual Number: **25.86**
 Alpharetta Target: **128.76**
 Benchmark⁶: **128.76**



Total Arrests per 1,000 residents

Actual Number: **22.42**
 Alpharetta Target: **62.64**
 Benchmark⁶: **62.64**



Fire Total Response Customer Time in minutes ⁷

Actual Number: **6.33**
 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?



Alpharetta Smart911



The City of Alpharetta Public Safety Department has teamed up with Smart911 to enhance communication and response for our community. Smart911 is used by 9-1-1 agencies to quickly send first responders to the location of an emergency with more information, by emergency management to better plan for and respond to disasters, and by municipalities to send emergency notifications to their citizens.

The 9-1-1 service of Smart911 allows you to create a Safety Profile for your household which will proactively provide details on your family and home that 9-1-1 may need in order to send help in the event of an emergency.

The emergency management service of Smart911 allows you to answer questions about yourself, your family and your household that will help emergency management officials plan for and respond to disasters by being able to understand the needs of their community.

The emergency notification service of Smart911 allows you to opt-in to receive alerts from your community through a variety of communication channels including voice, text or email.

Smart911 is free, private and secure and endorsed by citizens, community groups and public safety officials.

For questions regarding the Smart911 service, please contact the Public Safety non-emergency line at 678-297-6300.



Public Works

The 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 2014 workload and performance measures for the 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 Public Works Department is dedicated to environmental sustainability. During fiscal

year 2014, Public Works coordinated 27 public events and workshops that included 634 volunteers and over 1,700 attendees. The department hosted 6 recycling events that facilitated the recycling of over 8.5 tons of electronics and 8 tons of paper. Additionally, 41.4 tons of household hazardous wastes and paint were collected for FY 2014. Much of this was reused, recycled or otherwise properly disposed.

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

Public Works Performance Summary for the 12 months ending 6/30/2014

Capital projects ¹:

Total projects managed	30
Total construction value	\$.12,539,636

Roadways:

Total paved miles.	523
Paved miles resurfaced ²	21
Roadway repairs ³	23
Pothole repairs ⁴	467
Total traffic signals	1,825
Traffic signal repairs	56

Sidewalk repairs	55
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Stormwater and erosion control:

Development/construction site inspections	6,066
Stormwater structure inspections	1,976

Drainage repairs and maintenance	215
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Utility permits issued	224
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Average Time to Repair a Roadway in weekdays ³

Actual Number: **1.10**
Alpharetta Target: 10.00



Average Time to Repair a Pothole in weekdays ⁴

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



Avg. Time to Repair a Traffic Signal in weekdays

Actual Number: **1.11** ◀ 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. This metric has improved from 1.28 days in FY 2013 to 1.11 days in FY 2014.

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 2014, the city leveraged grant proceeds to increase total milling and resurfacing program funding to \$2.2 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.



DID YOU KNOW?



Alpharetta Community Wildlife Habitat



The Alpharetta City Council and the Natural Resources Commission are seeking to have Alpharetta designated as a Community Wildlife Habitat by the National Wildlife Federation. A Community Wildlife Habitat certification is a community-wide project which aims to achieve three goals: 1) provide habitat for wildlife throughout the community; 2) raise awareness and educate citizens through workshops and community events; and 3) engage citizens in community service projects for community greening efforts. This effort is called Alpharetta's Wild Side. The benefits of the Alpharetta Wild Side project include: wildlife and habitat conservation; building a stronger community; improving our local environment; and connecting with nature and beautification of our city. "Because certification requires workshops and community projects, Alpharetta's Wild Side will need residents of all ages to join the project team that will coordinate the certification effort", said Howard Salk, a member of the Alpharetta Natural Resources Commission.

For more information on this project, please visit <http://www.alpharetta.ga.us/index.php?p=377>.

Or to register and certify your yard as a wildlife habitat, please visit http://www.nwf.org/CertifiedWildlifeHabitat/UserAccount/SignIn?campaignid=WH14F1FSCXX&subsrb=Web_Content_CWH_GardenWebsite_Certify

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 2014 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 2014 include: installation of lightning detection systems at North Park, Webb Bridge Park, and Wills Park; parking lot repaving and resurfacing of the tennis courts at Webb Bridge Park; multiple facility improvement projects including roof repair and replacement, insulation replacement, heating/air condition replacement, etc.

In addition to our current facilities and programs, future plans include: construction of new park and green space as part of the voter approved City Center development; installation of erosion control measures including additional parking lot repaving at Webb Bridge Park; resurfacing of the tennis courts, replacement of the outdoor basketball courts, and replacement of the Recreation Center gym floor at Wills Park; purchase and installation of adaptive playground equipment to add handicap accessible play features to several existing playgrounds; and the continued repair/replacement of roofs at various park facilities.

Our outstanding park system, diverse recreational programs and excellent staff help to 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 6/30/2014

Total park acres	764
Total greenway miles	11
Total program participants ¹	29,485
Breakdown by residency:	
Residents	11,806
Non-residents ²	17,679
Breakdown by program/camp:	
Athletics	7,188
Aquatics	1,077
Cultural arts and dance	1,036
Gymnastics	2,109
Senior	13,984
Other ³	4,091
Pool attendance	22,049
Equestrian Center events	128
Parks Maintenance:	
Emergency requests	20
Non-emergency requests	384

Park Acres per 1,000 residents

Actual Number: **12.26**
 Alpharetta Target: 10.45
 Benchmark⁴: 10.45



% of Program Participants who are Residents

Actual Number: **40.04%** ◀ See note below
 Alpharetta Target: 60.00%



Average Time to Complete Emergency Request in minutes

Actual Number: **91.92**
 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. Alpharetta is leveraging the recreational resources in our area through strategic partnerships with the City of Milton (recreational services agreement) and Fulton County School Board (shared use of Milton Center practice and stadium fields) that, while increasing non-resident participation, provide better service and more recreational opportunities for our customers.

¹ Programs include athletics, aquatics, cultural arts, etc.
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?



Alpharetta Recreation and Parks Accreditation

The Commission for Accreditation of Park and Recreation Agencies (CAPRA) standards for national accreditation provides an authoritative assessment tool for park and recreation agencies. Through compliance with the standards of excellence, CAPRA accreditation assures policy makers, department staff, the general public, and taxpayers that an accredited park and recreation agency has been independently evaluated against established benchmarks as delivering a high level of quality.

The City of Alpharetta Recreation and Parks Department became the 21st municipal parks and recreation agency in the country to be nationally accredited by CAPRA in 1999. In October 2013, the City became the first agency in Georgia to achieve a 15-year national accreditation.

CAPRA bestows this distinction upon agencies that meet or exceed national standards in providing parks and recreation services. Alpharetta is recognized as one of over 125 nationally accredited recreation and parks agencies in the country. The Alpharetta Recreation and Parks Department is committed to providing the highest quality recreation programs and park facilities to our citizens consistent with our core values of Excellence, Stewardship, Integrity, Service, and Loyalty.



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 resources.

Included below is a sampling of fiscal year 2014 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.

The city is experiencing strong economic growth including a resurgence of construction activity as highlighted by the measures below. Zoning cases have seen a marked increase and new building permits have

increased 18% over FY 2013 and an impressive 52% since the bottom of the market in FY 2010.

Operational highlights include scanning and digitizing our paper records which decreases our document storage costs and allows for easier record access and distribution. This paired with our continued use of electronic plan review saves time and reduces the environmental impact. Also, we are on target to go-live with the CityWorks software system during FY 2015 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 6/30/2014

Permits and plan review:

Total permits issued	3,894
Residential permits issued	430
Construction permit applications received	572
Inspections performed	14,362
Development plans reviewed	70

Code Enforcement:

Total cases	74
Resolved by voluntary compliance	68
Resolved by forced compliance6
Removal of illegal signs	1,785

Business Licenses:

Total business licenses	4,131
Renewals	3,388
New	743

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

Actual Number: **97.38%**
 Alpharetta Target: 87.00
 Benchmark¹: 86.53



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

Actual Number: **8.70**
 Alpharetta Target: 10.00



% of Inspections Completed Same Day as Request

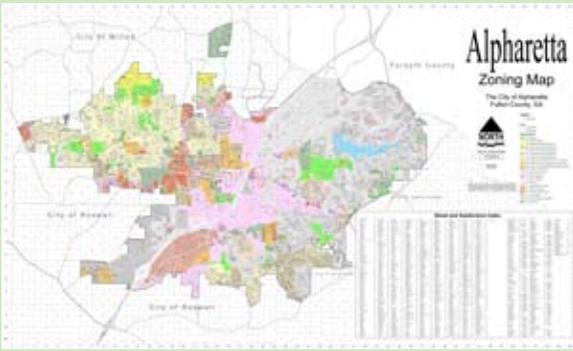
Actual Number: **100.00%**
 Alpharetta Target: 100.00%



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.

DID YOU KNOW?



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 June 2014).

<i>Employer</i>	<i>No. of Employees</i>
ADP, INC.	2,024
MCKESSON INFORMATION SOLUTIONS.	1,775
LEXIS NEXIS RISK SOLUTIONS	1,491
VERIZON BUSINESS NETWORK SERVICES.	1,312
COMCAST	1,015
UPS SUPPLY CHAIN SOLUTIONS GENERAL SERVICES	1,002
HEWLETT-PACKARD COMPANY	.892
EQUIFAX INFORMATION SERVICES	.733
E TRADE FINANCIAL CORPORATION	.683
CHARTIS INSURANCE.	.661



General Government

The Public Safety, 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 2014 general government performance highlights include:

- **7 Grant Applications Awarded and Approved for Funding**, resulting in grant funding of over \$470,000 to support city initiatives such as: multiple grants for the Alpharetta Public Safety Department including continuation of a Bicycle Safety Campaign aimed at educating the public on safe cycling practices and replacement of hazardous materials equipment for the HazMat unit; milling and resurfacing of city streets; etc.
- **138 City/75 Community Sponsored Events Offered.** The city directly sponsors and manages 138 events (all departments) throughout the year aimed at enhancing our community's quality of life. An additional 75 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 16-17) or visit the city website at www.alpharetta.ga.us.

- **Over 610,000 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 23,450 Online Payments Accepted**, totaling \$3.4 million. The city website offers our customers the convenience of online bill payment for many services including: property taxes, business license renewals, sanitation fees, traffic citations, etc.
- **40 Formal Solicitations Issued**, including requests for bids, proposals, qualifications, etc. culminating in over 215 vendor responses. Formal solicitations assist in maximizing competition for goods and services thereby ensuring a competitive price.
- **Over 15,350 Sanitation Accounts**, resulting in 43,000 tons of trash and 5,900 tons of recyclables collected. Sanitation services are provided on a user charge basis and managed through a contract with a private operator.

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 6/30/2014

Audit Findings by Independent External Auditor

Actual Number: **0**
Alpharetta Target: **0**



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

Actual Number: **0.38**
Alpharetta Target: **0.35**
Benchmark¹: **0.35**



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

Actual Number: **90.00%**
Alpharetta Target: **85.00%**



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

Actual Number: **81.25%** ◀ See note below
Alpharetta Target: **85.00%**



▶ How are we addressing it?

The variance is isolated to three solicitations (out of 16) that exceeded the target. The projects are as follows: Main Street Operational Improvements from Winthrope Park Drive to Winthrope Chase Drive (78 days over target due primarily to an internal feasibility review of the relative benefits vis-à-vis other allowable projects given the defined grant stipulations); Milling and Resurfacing

of city streets (33 days over target due primarily to specific time windows available for the improvements that provided staff and the vendor extra time to facilitate contract execution); and Intersection Improvements at Old Milton Parkway and Haynes Bridge Road (minor variance at 2 days over 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?



Alpharetta Technology Commission (ATC)

The ATC, the first organization of its kind in Georgia, was established in 2012 by the City of Alpharetta. Comprised of Alpharetta’s leading technology companies, both large and small, the members are charged with identifying and pursuing key investment opportunities and policy decisions for Alpharetta’s technology companies and its burgeoning technology industry.

The City of Alpharetta is home to nearly 600 technology companies, making up 35% of Where Georgia Leads technology companies. The city also houses over a quarter of Metro Atlanta’s top 25 technology employers resulting in the city’s daytime working population exceeding that of residents. With one of the most robust and redundant fiber and power fiber infrastructure networks in the south east, Alpharetta has been a central hub for new and relocating technology companies. To continue to foster this growth, the ATC has created the following four sub-committees to add value beyond geography.

- GROW** – Designed to support entrepreneurship, innovation, and start-up tech.
- BUILD** – Focused on identifying and developing advanced infrastructure that will support the technologies of tomorrow.
- BRAND** – Creating new messaging that will help to attract new business investment and maintain Alpharetta’s position as a leading location for technology ventures
- ENGAGE** – Enhancing relationships among Alpharetta’s technology companies and building understanding of the business in which they are engaged.

For questions regarding the ATC, please contact the Economic Development Department at 678-297-6075.



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, 7:00 p.m.

City Hall, 678-297-6100



City Hall is located at:
2 Park Plaza
Alpharetta, GA 30009.



2015 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	Holiday		
	19	City Holiday		
	20	Golden Age Club Luncheon	Alpharetta Adult Activity Center	678-297-6142
	20-31	Spring Adult Softball Registration	Multiple	678-297-6172
	20-31	Spring Teen Basketball Registration	Multiple	678-297-6172
	20-31	Spring Adult Basketball Registration	Multiple	678-297-6172
	28	Spring/Summer Programs - Priority Registration*	Multiple	678-297-6100
FEB	1-6	Spring Adult Basketball Registration	Multiple	678-297-6172
	4	Spring/Summer Programs - Registration for City of Milton Participants	Multiple	678-297-6100
	6	Father/Daughter Valentines Dance	Alpharetta Community Center	678-297-6154
	6	Senior Valentines Dance	Alpharetta Community Center	678-297-6142
	11	Spring/Summer Open Registration	Multiple	678-297-6100
	12	Valentine's Edible Art Playground	Crabapple Government Center	678-297-6165
	17	Golden Age Club Luncheon	Alpharetta Adult Activity Center	678-297-6142
MAR	1	Alpharetta Half Marathon	City Hall	678-297-6078
	4	Viper Volleyball Tryouts	Alpharetta Community Center	678-297-6154
	7	Spring Athletics Opening Day	Multiple	678-297-6100
	17	Golden Age Club Luncheon	Alpharetta Adult Activity Center	678-297-6142
	28	Viper Volleyball League Play Begins	Alpharetta Community Center	678-297-6154
	28	Children's Easter Egg Hunt	North Park Softball Fields 1-4	678-297-6143
	TBD	Great British Car Fayre	Historic Downtown: Milton Ave	678-297-6078
	TBD	Art Workshop	Crabapple Government Center	678-297-6165
APR	3	City Holiday		
	13-24	Summer Adult Softball Registration - Returning Teams	Multiple	678-297-6172
	18-19	Alpharetta Arts StreetFest	Historic Downtown: Milton Ave	678-297-6078
	20-24	Summer Adult Softball Registration - New Teams	Multiple	678-297-6172
	21	Golden Age Club Luncheon	Alpharetta Adult Activity Center	678-297-6142
	23	Alpharetta Sharks Swim Team - Last Day to Register	Multiple	678-297-6153
	30	Alpharetta Sharks Parent Meeting	Alpharetta Community Center	678-297-6153
	16, 23, 30	Food Truck Alley	Historic Downtown: Old Roswell St	678-297-6078
TBD	Art Workshop	Crabapple Government Center	678-297-6165	
MAY	1	Ambush Soccer Tryout Registration	Multiple	678-297-6163
	7	Annual Taste of Alpharetta	Historic Downtown: Milton Ave	678-297-6078
	9	Mother/Daughter/Granddaughter Luncheon	Alpharetta Adult Activity Center	678-297-6142
	19	Golden Age Club Luncheon	Alpharetta Adult Activity Center	678-297-6142
	20-31	Spring Adult Basketball Registration	Multiple	678-297-6172
	23	City Pool Opens	Wills Park Pool	678-297-6152
	25	City Holiday		
	26	Summer Adult Softball League	North Park	678-297-6172
	26-28	Alpharetta Ambush Soccer Tryouts - U8 to U13	North Park	678-297-6163
	27	Camp Happy Hearts Parents Meeting	Alpharetta Adult Activity Center	678-297-6154
	14, 21, 28	Food Truck Alley	Historic Downtown: Old Roswell St	678-297-6078
	TBD	Alpharetta Sharks Mock Swim Meet	Wills Park Pool	678-297-6153
	TBD	Dance Recital	TBD	678-297-6154
TBD	North Fulton Golden Games Disc Golf**	Wills Park	678-297-6142	
TBD	North Fulton Golden Games Opening Ceremony	TBD	678-297-6142	
JUN	1	Senior Swim/Water Aerobics Begin	Wills Park Pool	678-297-6153
	1	Summer Day Camps Begin	Multiple	Various
	2	Swim Lessons Begin	Wills Park Pool	678-297-6153
	2-4	Ambush Soccer Tryouts - U14 and above	North Park	678-297-6163
	6	Youth Fishing Derby	Brookside Office Park Lake	678-297-6143
	12	Friday Night Dive In	Wills Park Pool	678-297-6153
	14	Alpharetta City Band Concert**	Alpharetta Adult Activity Center	678-297-6142
	16	Golden Age Club Luncheon	Alpharetta Adult Activity Center	678-297-6142
	29-30	Summer Camp Skip Date - Summer Camps will not be offered		
	4, 11, 18, 25	Food Truck Alley	Historic Downtown: Old Roswell St	678-297-6078
	TBD	Alpharetta Sharks Home Swim Meets	Wills Park Pool	678-297-6153
	TBD	Ambush Signing Day	Alpharetta Community Center	678-297-6163

* 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.

JUL	1-3	Summer Camp Skip Dates - Summer Camps will not be offered		
	3	City Holiday		
	4	July 4th Celebration and Fireworks	Wills Park	678-297-6143
	7	Fall Youth Sports - Priority Registration*	Multiple	678-297-6160
	13-24	Fall Men's Basketball Registration - Returning Teams	Multiple	678-297-6172
	13-24	Fall Adult Softball Registration - Returning Teams	Multiple	678-297-6172
	20-24	Fall Men's Basketball Registration - New Teams	Multiple	678-297-6172
	20-24	Fall Adult Softball Registration - New Teams	Multiple	678-297-6172
	20-24	Ambush Soccer Team Camps	North Park and Webb Bridge Park	678-297-6163
	21	Golden Age Club Luncheon	Alpharetta Adult Activity Center	678-297-6142
	22-26	Triple Crown Elite National Softball Tournament	North Park	678-297-6162
	24-25	Georgia Recreation & Parks State Swim Meet	TBD	678-297-6153
	29	Fall/Winter Programs - Priority Registration*	Multiple	678-297-6100
	31	Summer Camps End	Multiple	Various
	31	Swim Lessons End	Wills Park Pool	678-297-6153
	31	Pool Party	Wills Park Pool	678-297-6153
	2, 9, 16, 23, 30	Food Truck Alley	Historic Downtown: Old Roswell St	678-297-6078
AUG	1	Annual Old Soldiers Day Race	Wills Park: 6am on-site reg.; 7am start	678-297-6173
	5	Fall/Winter Programs - Registration for City of Milton New Participants	Multiple	678-297-6100
	9	Last Day of Summer Swim Hours	Wills Park Pool	678-297-6152
	11	Winter Youth Basketball Program - Priority Registration*	Multiple	678-297-6160
	12	Fall/Winter Programs - Open Registration	Multiple	678-297-6100
	18	Winter Youth Basketball Program - Registration for City of Milton Participants	Multiple	678-297-6100
	18	Golden Age Club Luncheon	Alpharetta Adult Activity Center	678-297-6142
	19	Viper Volleyball Tryouts	Alpharetta Community Center	678-297-6154
	22	Annual Touch A Truck	Wills Park	678-297-6143
	25	Winter Youth Basketball Program - Open Registration	Multiple	678-297-6160
	6, 13, 20, 27	Food Truck Alley	Historic Downtown: Old Roswell St	678-297-6078
	TBD	Mayor's Challenge	Historic Downtown: Old Roswell St	678-297-6078
	SEP	4-6	Atlanta Braves Youth Baseball Classic**	Wills Park
7		City Holiday		
7		Pool Closes	Wills Park Pool	678-297-6152
11-13		IronKids Triathlon**	Wills Park	678-297-6100
12		Fall Youth Athletics Leagues Begin	Multiple	678-297-6100
12		Ladies Tea	Alpharetta Adult Activity Center	678-297-6142
19-20		European Market	Historic Downtown: Milton Ave	678-297-6078
20		Golden Age Club Luncheon	Alpharetta Adult Activity Center	678-297-6142
3, 10, 17, 24		Food Truck Alley	Historic Downtown: Old Roswell St	678-297-6078
TBD		Art Workshop	Crabapple Government Center	678-297-6165
TBD		Grilling and Gridiron	Historic Downtown: Old Roswell St	678-297-6078
TBD	Mother Son Fun Night	Alpharetta Community Center	678-297-6153	
OCT	3	Scarecrow Harvest	Historic Downtown	678-297-6078
	3	Lazy Log Cabin	Historic Downtown: Log Cabin on Milton Ave	678-297-6078
	17	Wire & Wood - Alpharetta Songwriters Festival	Historic Downtown	678-297-6078
	20	Golden Age Club Luncheon	Alpharetta Adult Activity Center	678-297-6142
	1, 8, 22	Food Truck Alley	Historic Downtown: Old Roswell St	678-297-6078
	TBD	Halloween Event at Wills Park	Wills Park	678-297-6143
TBD	Restless in Resthaven	Historic Downtown	678-297-6078	
NOV	11	Veterans Appreciation Breakfast	Alpharetta Adult Activity Center	678-297-6142
	17	Golden Age Club Luncheon	Alpharetta Adult Activity Center	678-297-6142
	18	Spring Youth Sports Program - Registration for City of Milton Participants	Multiple	678-297-6160
	26-27	City Holiday		
	TBD	Alpharetta Chili Cook Off & GA/FL Football Game	Historic Downtown: Milton Ave	678-297-6078
	TBD	Spring Youth Sports Programs - Priority Registration*	Multiple	678-297-6160
TBD	Spring Youth Sports Programs - Open Registration	Multiple	678-297-6160	
DEC	5	Annual Christmas Tree Lighting	Historic Downtown	678-297-6078
	5	Youth Basketball Season Begins	Multiple	678-297-6172
	6	City Band Holiday Concert**	Alpharetta Adult Activity Center	678-297-6142
	9	Cookies with the Clauses	Alpharetta Community Center	678-297-6154
	9	Cookie Exchange for Seniors	Alpharetta Adult Activity Center	678-297-6142
	12	Breakfast with Santa	Alpharetta Adult Activity Center	678-297-6142
	12	Pet Photos with Santa Claws	Waggy World Paw Park	678-297-6143
	15	Golden Age Club Luncheon	Alpharetta Adult Activity Center	678-297-6142
	24	City Holiday - Half Day		
	25	City Holiday		
	TBD	Christmas Activity for Kids	Wills Park Recreation Center	678-297-6143
	TBD	Snow on the Square	Historic Downtown	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.

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, 2014, and the related notes to the financial statements, which collectively comprise the City of Alpharetta, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Alpharetta, Georgia as of June 30, 2014, 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 V.E.1, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No.25*, as of July 1, 2013. 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 changes in the City's net pension liability and related ratios, schedule of City contributions, schedule of pension investment returns, and the General Fund Budgetary Comparison Schedule on pages 36–43, 80 and 81–83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 November 21, 2014 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
November 21, 2014

Financial Section

Management's Discussion and Analysis

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, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the beginning of this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

Financial Highlights

- The assets and deferred outflow of resources of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$242,263,293 (total net position). Of this amount \$18,892,322 (unrestricted net position) may be used to meet the ongoing obligations of the government.
- The City's total net position increased by \$951,111.
- As of the close of the current fiscal year, the City of Alpharetta's governmental funds reported combined ending fund balances of \$50,200,223, a decrease of \$12,102,215 from the prior year. The decrease was primarily due to expenditures made for construction of new City Center project.
- At the end of the current fiscal year, unassigned fund balance in the general fund was \$16,768,236 which represents approximately 30% of 2015 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 \$11,750,000 at fiscal year-end. The surplus after such emergency reserve will allow the City to fund one-time future capital in the amount of \$5,018,236 as part of the annual budget to be developed for fiscal year 2016.
- The City's total governmental activities debt (including notes) decreased by \$370,175 during the current fiscal year. An advanced refunding in the amount of \$17,695,000 increased total governmental activities debt by \$1,830,000, and regularly scheduled principal payments in the amount of \$2,344,414 along with bond premium amortization for \$292,000 resulted in the net decrease.

Overview of the Financial Statements

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

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 assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

The government-wide financial statements can be found on pages 46 and 47 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 financere-lated 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 ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, capital project, and city center (2012 general obligation bond issue) funds, all of which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor 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 48 through 50 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 51 through 53 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 54 and 55 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 56 through 78 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 79 through 83 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

Combining and individual fund statements and schedules can be found on pages 85 through 94 of this report.

CITY OF ALPHARETTA'S NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$60,956,291	\$72,195,031	\$2,127,029	\$2,128,994	\$63,083,320	\$74,324,025
Capital assets	245,914,755	232,546,758	—	—	245,914,755	232,546,758
Total assets	306,871,046	304,741,789	2,127,029	2,128,994	308,998,075	306,870,783
Deferred outflow of resources	1,575,061	—	—	—	1,575,061	—
Total deferred outflow of resources	1,575,061	—	—	—	1,575,061	—
Current liabilities	8,845,623	5,561,800	1,112,174	1,098,869	9,957,797	6,660,669
Non-current liabilities outstanding	58,350,683	58,894,672	1,363	3,260	58,352,046	58,897,932
Total liabilities	67,196,306	64,456,472	1,113,537	1,102,129	68,309,843	65,558,601
Net investment in capital assets	201,359,025	203,216,963	—	—	201,359,025	203,216,963
Restricted	22,011,946	8,063,704	—	—	22,011,946	8,063,704
Unrestricted	17,878,830	29,004,650	1,013,492	1,026,865	18,892,322	30,031,515
Total net position	\$241,249,801	\$240,285,317	\$1,013,492	\$1,026,865	\$242,263,293	\$241,312,182

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Alpharetta, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$242,263,293 at the close of the most recent fiscal year. The largest portion of the City's net position (83.1%) 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 (9.1%) represents resources that are subject to external restrictions on how they may be used. At the close of fiscal year 2014, the City's restricted net positions were \$22,011,946 representing \$14,997,875 obligated for capital projects, \$942,662 restricted for the repayment of general obligation bond debt, \$2,099,710 restricted for law enforcement activities, and \$3,971,699 for emergency telephone activities.

The remaining balance in unrestricted net position of \$18,892,322 (7.8%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net 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	
	2014	2013	2014	2013	2014	2013
Revenues						
<i>Program revenues:</i>						
Charges for services	\$12,504,775	\$11,761,947	\$3,194,769	\$3,204,318	\$15,699,544	\$14,966,265
Operating grants and contributions	397,870	398,524	—	—	397,870	398,524
Capital grants and contributions	1,662,642	4,733,378	—	—	1,662,642	4,733,378
<i>General revenues:</i>						
Property tax	23,681,167	23,055,884	—	—	23,681,167	23,055,884
Local option sales tax	13,575,938	12,173,275	—	—	13,575,938	12,173,275
Other taxes	16,844,573	16,596,690	—	—	16,844,573	16,596,690
Unrestricted investment earnings	124,173	97,018	5,250	3,090	129,423	100,108
Total revenues	68,791,138	68,816,716	3,200,019	3,207,408	71,991,157	72,024,124
Expenses						
General government	11,463,544	12,321,146	—	—	11,463,544	12,321,146
Public safety	27,912,188	26,435,109	—	—	27,912,188	26,435,109
Public works	14,035,094	17,291,919	—	—	14,035,094	17,291,919
Community development	4,774,226	8,668,317	—	—	4,774,226	8,668,317
Culture and recreation	7,834,329	7,139,273	—	—	7,834,329	7,139,273
Interest on long-term debt	1,807,273	1,860,527	—	—	1,807,273	1,860,527
Solid waste	—	—	3,213,392	3,197,191	3,213,392	3,197,191
Total expenses	67,826,654	73,716,291	3,213,392	3,197,191	71,040,046	76,913,482
Increase (decrease) in net position	964,484	(4,899,575)	(13,373)	10,217	951,111	(4,889,358)
Net position - beginning	240,285,317	245,184,892	1,026,865	1,016,648	241,312,182	246,201,540
Net position - ending	\$241,249,801	\$240,285,317	\$1,013,492	\$1,026,865	\$242,263,293	\$241,312,182

Governmental activities. Governmental activities increased the City's net position by \$964,484 (compared to a decrease of \$4,899,575 in the prior year) accounting for nearly all of the increase in the net position of the City (business-type activities had a decrease in net position of \$13,373). Key elements of this change from year to year are as follows:

- Total governmental program revenues decreased by \$2,328,562 primarily due to a decrease in capital grants and contributions.

- Total general revenues increased by \$2,302,984 from the prior year primarily due to increased sales tax and hotel/motel tax revenues..

- Total expenses of the governmental activities decreased by \$5,889,637, primarily, as a result of decreased public works and community development expenditures.

Business-type activities. Business-type activities decreased the City of Alpharetta's net position by \$13,373, 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 2014, the City reported governmental funds combined ending fund balance of \$50,200,223, a decrease of \$12,102,215 from the prior year. The decrease is primarily due to increased capital expenditures for the City Center project. Approximately 33.4% of this balance or \$16,768,236 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 \$14,896,779, law enforcement of \$2,099,210, emergency telephone activities of \$3,971,699, and debt service of \$913,165. Assigned fund balance consists of amounts assigned for grant projects of \$698,318, capital projects of \$6,747,056, and 2015 fiscal year expenditures of \$4,105,260.

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 \$20,873,496 which is a decrease of \$77,782 from the prior year. In terms of liquidity, total fund balance represents approximately 37.3% of 2015 budgeted expenditures.

Approximately 20% of total fund balance or \$4,105,260 constitutes assigned fund balance for 2015 fiscal year expenditures. The remaining 80% of total fund balance or \$16,768,236 constitutes unassigned fund balance. This balance represents approximately 30% of 2015 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 \$11,750,000 at fiscal year-end. The surplus after such emergency reserve will allow the City to fund one-time future capital in the amount of \$5,018,236 as part of the annual budget to be developed for fiscal year 2016.

The fund balance of the City's general fund decreased during fiscal year 2014 by \$77,782. Revenues exceeded expenditures by \$5,809,834, however, net transfers out were \$6,436,829 and offset in part by proceeds from sale of capital assets for \$549,213. Council approved the utilization of prior year fund balance for capital projects (\$5,668,503). Other significant variances are explained below:

- From a year to year operational perspective, total revenues increased by \$2,374,256. The primary driver of revenue growth is local option sales taxes which increased over \$1.4 million due to the redistribution of sales tax proceeds based on the 2010 Census findings that raised the city's distribution rate from 5.22% to 5.84%. Additional revenue growth drivers included: (1) property taxes resulting from a combination of general growth in property valuations, new construction, and a change in the millage rate structure which shifted approximately \$200,000 in property tax revenue from debt service to the general fund; (2) licenses and permits revenues due to an increase in construction and building permit activity; which were partially offset through reductions in (3) fines and forfeitures due to multiple factors including a decrease in traffic citation and corresponding court fine revenues. Net transfers out increased by \$894,934.
- Revenues of \$54,387,515 exceeded amount budgeted by \$2,674,951. Property taxes were \$1,302,574 more than budgeted, sales and use taxes were \$725,938 greater than budgeted, and licenses and permits were \$652,559 greater than budgeted due to the factors discussed above. Charges for services also exceeded budget due to recreation program/facility fees, plan review fees, etc.
- Total expenditures increased by \$1,632,066 from the prior year primarily due to the following growth drivers: (1) general salary growth; (2) increases in healthcare costs; (3) full funding of the OPEB obligation; (4) increases in electricity utilities due to GA Power rate increases; and (5) debt service funding on the 2014 Gwinnett Technical College bond (contributions towards the Alpharetta campus which is currently under construction).
- Expenditures came in well under budget, at \$48,577,679 with \$2,291,056 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 \$8,093,503 was transferred to this fund from the general fund, while expenditures amounted to \$8,546,026. The above, together with additional revenues of \$754,517 resulted in an increase in fund balance of \$301,944 yielding a fund balance at year-end of \$7,665,072 as compared to \$7,363,078 at end of prior year. The Haynes Bridge Road Realignment and Improvements to Webb Bridge Park were some of the larger projects completed in the current fiscal year.

City Center Fund. The City Center Fund is used to account for the proceeds of bonds that are expended to construct the City Center Project. The City issued \$29,000,000 in general obligation bonds and received additional bond premiums in the amount of \$1,001,322 in fiscal year ended 2012. In the current year, investment earnings were \$28,263 and expenditures for capital outlay were \$14,256,317 which decreased restricted fund balance from \$26,667,606 to \$12,439,552 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 \$1,013,492. The total decrease in net position for the solid waste funds was \$13,373. Operating revenues decreased \$9,549 over the prior year. Total expenses increased by 16,201.

Risk Management Fund. Unrestricted net assets of the risk management fund at the end of the year amounted to \$334,109. Total operating revenues decreased by \$45,260 to \$1,181,416. Total operating expenses increased by \$138,785 to \$1,496,744.

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 inter-governmental 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 \$53,408 for budgeted contributions and donations. Total budgeted expenditures increased by \$94,811 from the beginning of the year consisting of an increase to Public Safety for \$10,119, Engineering and Public Works for \$39,723, Community Development for \$43,500, Culture and Recreation for \$27,049, and a decrease to total General Government for \$25,580.
- Franchise taxes were \$104,316 less than the amount budgeted, other taxes were \$48,264 less than the amount budgeted, fines and forfeitures were \$489,184 less than amount budgeted, intergovernmental revenues were \$50,252 less than amount budgeted, contributions and donations were \$8,133 less than amount budgeted, and other revenues were \$21,277 less than amount budgeted. However, revenues from property taxes were \$1,302,754 greater than amount budgeted, sales and use taxes and business taxes were \$898,301 greater than amount budgeted, licenses and permits were \$652,559 greater than amount budgeted, charges for services were \$541,698 greater than amount budgeted, and investment earnings were \$1,065 greater than amount budgeted. The net result of all the revenue variances was that actual total revenues exceeded final budget total revenues by \$2,674,951.
- Total actual expenditures were \$2,291,056 less than final budgeted total expenditures. Management continues to work with department heads to ensure only necessary purchases are made and to ensure departments do not exceed budget appropriations, which generates a budget conscious atmosphere throughout the City. Among departments with larger favorable variances in expenditures were Public Safety which expended \$772,368 less than final budget, Culture and Recreation which expended \$435,493 less than final budget, Community Development which expended \$192,150 less than final budget, and Engineering and Public Works which expended \$186,995 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, 2014, amounts to \$244,162,800 (net of accumulated depreciation). This investment in capital assets includes land and permanent improvements, buildings, improvements other than buildings, machinery and equipment, and infrastructure (park facilities, roads, highways, and bridges). Larger additions to Capital Assets include:

- Westside Parkway Improvements (\$438,066)
- Construction in progress for City Center Project (\$16,815,020)
- Construction in progress for Haynes Bridge Road Realignment (\$2,539,100)
- Webb Bridge Park Improvements (\$556,321)

CITY OF ALPHARETTA'S CAPITAL ASSETS (net of depreciation)

	Governmental Activities	
	2014	2013
Land and permanent improvements	\$75,262,620	\$75,195,296
Buildings	21,237,651	22,119,218
Improvement other than buildings	12,059,250	13,142,782
Machinery and equipment	6,030,756	6,710,695
Infrastructure	105,973,621	107,127,256
Construction in progress	23,508,902	8,251,511
Total	\$244,162,800	\$232,546,758

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 2014, the City's total outstanding debt was \$52,281,050. Total outstanding debt consists of \$47,655,000 of general obligation bonds,

\$4,626,050 of notes payable, and \$2,088,961 of capital leases 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	
	2014	2013
General obligation bonds	\$47,655,000	\$47,575,000
Notes payable	4,626,050	4,784,225
Capital lease payable	2,088,961	2,525,200
Total	\$54,370,011	\$54,884,425

The City's total debt decreased by \$514,414 (.90%) during the 2014 fiscal year (includes bond debt and notes). A portion of the decrease in debt due to regularly scheduled debt pay-

ments made was offset by an advanced partial refunding of 2006 bonded debt which will result in substantial future savings in interest payments.

The City currently has an unsecured “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 \$460,476,790.

Additional information on the City’s long-term debt can be found in note IV.E on pages 69 through 71 of this report.

Economic Factors and Next Year’s Budgets and Rates

The Fiscal Year 2015 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 \$2.7 million annually. This savings equates to a 1.7 mill reduction for the average homeowner.
 - Maintenance of the city’s millage rate at 5.750 mills (flat with FY 2014) including funding \$2.4 million for recurring capital initiatives (e.g. milling and re-surfacing of city streets; traffic equipment replacement; etc.) and \$955,500 for additional pay-as-you-go capital funding.
- Funding of the Gwinnett Technical college contribution towards the Alpharetta campus (\$4 million financed over 20-years);
- Funding totaling \$10.1 million available for capital investment within our city (includes the \$2.4 million in recurring capital and \$955,500 in pay-as-you-go capital discussed above);
- Continuation of the same high service levels our citizenry, business owners, and stakeholders have to expect from our city; and
- Expanded service levels within City Administration focused on downtown seasonal improvements around the City Center which opens in December 2014.

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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Financial Section

Basic Financial Statements

City of Alpharetta
STATEMENT OF NET POSITION

June 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Development Authority
Assets				
Cash and cash equivalents	\$25,473,280	\$1,202,537	\$26,675,817	\$159,056
Investments	14,441,334	773,730	15,215,064	—
Receivables, net of allowance for uncollectibles	4,059,150	148,706	4,207,856	46,340
Direct financing lease receivable	—	—	—	7,310,000
Prepaid expenses	167,823	—	167,823	—
Restricted cash equivalents	16,814,704	—	16,814,704	—
Net pension asset	1,345,239	2,056	1,347,295	—
Net OPEB asset	406,716	—	406,716	—
Capital assets, non-depreciable	98,771,522	—	98,771,522	—
Capital assets, depreciable, net of accumulated depreciation	145,391,278	—	145,391,278	—
Total assets	306,871,046	2,127,029	308,998,075	7,515,396
Deferred Outflows of Resources				
Deferred charges on refunding	1,575,061	—	1,575,061	4,281
Total deferred outflows of resources	1,575,061	—	1,575,061	4,281
Liabilities				
Accounts payable and other current liabilities	8,845,623	259,818	9,105,441	—
Unearned revenue	—	852,356	852,356	—
Interest payable	258,927	—	258,927	46,340
Bonds payable, due within one year	2,055,000	—	2,055,000	785,000
Bonds payable, due in more than one year	46,486,210	—	46,486,210	6,932,114
Capital lease payable, due within one year	450,228	—	450,228	—
Capital lease payable, due in more than one year	1,638,733	—	1,638,733	—
Notes payable, due within one year	267,300	—	267,300	—
Notes payable, due in more than one year	4,358,750	—	4,358,750	—
Other noncurrent liabilities, due within one year	2,049,547	1,363	2,050,910	—
Other noncurrent liabilities, due in more than one year	785,988	—	785,988	—
Total liabilities	67,196,306	1,113,537	68,309,843	7,763,454
Net Position				
Net investment in capital assets	201,359,025	—	201,359,025	—
Restricted for:				
Capital projects	2,558,323	—	2,558,323	—
Job creation	—	—	—	33,750
Debt service	942,662	—	942,662	—
Law enforcement	2,119,202	—	2,119,202	—
Emergency telephone activities	3,993,849	—	3,993,849	—
Unrestricted	30,276,740	1,013,492	31,290,232	(277,527)
Total net position	\$241,249,801	\$1,013,492	\$242,263,293	\$(243,777)

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

City of Alpharetta
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2014

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	\$11,463,544	\$2,843,024	—	—	\$(8,620,520)	—	\$(8,620,520)	—	
Public safety	27,912,188	5,138,078	27,422	491,034	(22,255,654)	—	(22,255,654)	—	
Public works	14,035,094	88,191	316,000	1,171,608	(12,459,295)	—	(12,459,295)	—	
Community development	4,774,226	2,725,927	—	—	(2,048,299)	—	(2,048,299)	—	
Culture and recreation	7,834,329	1,709,555	54,448	—	(6,070,326)	—	(6,070,326)	—	
Interest on long-term debt	1,807,273	—	—	—	(1,807,273)	—	(1,807,273)	—	
Total governmental activities	67,826,654	12,504,775	397,870	1,662,642	(53,261,367)	—	(53,261,367)	—	
Business-type activities:									
Solid waste	3,213,392	3,194,769	—	—	—	(18,623)	(18,623)	—	
Total business-type activities	3,213,392	3,194,769	—	—	—	(18,623)	(18,623)	—	
Total primary government	\$71,040,046	\$15,699,544	\$397,870	\$1,662,642	(53,261,367)	(18,623)	(53,279,990)	—	
Component unit:									
Development Authority	\$719,590	\$819,011	—	—	—	—	—	99,421	
Total component unit	\$719,590	\$819,011	—	—	—	—	—	99,421	
General revenues:									
Property taxes					23,681,167	—	23,681,167	—	
Sales taxes					13,575,938	—	13,575,938	—	
Franchise taxes					6,235,684	—	6,235,684	—	
Hotel/Motel occupancy tax					4,137,790	—	4,137,790	—	
Business taxes					4,227,363	—	4,227,363	—	
Other taxes					2,243,736	—	2,243,736	—	
Unrestricted investment earnings					124,173	5,250	129,423	—	
Total general revenues					54,225,851	5,250	54,231,101	—	
Change in net position					964,484	(13,373)	951,111	99,421	
Net position, beginning of year					240,285,317	1,026,865	241,312,182	(343,198)	
Net position, end of year					\$241,249,801	\$1,013,492	\$242,263,293	\$(243,777)	

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

City of Alpharetta
BALANCE SHEET
Governmental Funds
June 30, 2014

	Major Governmental Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General	Capital Project	City Center		
Assets					
Cash and cash equivalents	\$12,950,581	\$5,405,886	—	\$6,374,656	\$24,731,123
Investments	8,104,764	3,112,918	—	2,746,137	13,963,819
Taxes receivable, net	2,424,953	—	—	437,974	2,862,927
Accounts receivable	184,177	—	—	350,329	534,506
Intergovernmental	—	112,192	—	549,525	661,717
Due from other funds	183,011	—	—	—	183,011
Restricted cash equivalents	—	—	16,814,704	—	16,814,704
Total assets	\$23,847,486	\$8,630,996	\$16,814,704	\$10,458,621	\$59,751,807
Liabilities, Deferred Inflows Of Resources, and Fund Balances					
Liabilities:					
Accounts payable	\$1,997,123	\$541,375	\$2,891,299	\$851,842	\$6,281,639
Retainage payable	—	323,453	1,115,778	—	1,439,231
Accrued liabilities	662,089	—	336,560	40,263	1,038,912
Due to other funds	—	—	31,515	151,496	183,011
Total liabilities	2,659,212	864,828	4,375,152	1,043,601	8,942,793
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	181,305	—	—	29,497	210,802
Unavailable revenue - other	133,473	101,096	—	163,420	397,989
Total deferred inflows of resources	314,778	101,096	—	192,917	608,791
Fund Balances					
Restricted for:					
Capital projects	—	918,016	12,439,552	1,539,211	14,896,779
Law enforcement	—	—	—	2,099,710	2,099,710
Emergency telephone activities	—	—	—	3,971,699	3,971,699
Debt service	—	—	—	913,165	913,165
Assigned for:					
Grant projects	—	—	—	698,318	698,318
Capital projects	—	6,747,056	—	—	6,747,056
Fiscal year 2015 budget	4,105,260	—	—	—	4,105,260
Unassigned	16,768,236	—	—	—	16,768,236
Total fund balances	20,873,496	7,665,072	12,439,552	9,222,103	50,200,223
Total liabilities, deferred inflows of resources, and fund balances	\$23,847,486	\$8,630,996	\$16,814,704	\$10,458,621	

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.	244,162,800
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred inflows in the funds.	608,791
Internal service funds are used by the City to charge costs to other funds. The assets and liabilities are included in the government activities.	334,109
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(55,975,900)
Prepaid expenditures are costs applicable to future periods and, therefore, are not reported in governmental funds.	167,823
Net pension and OPEB assets are not a financial resource and, therefore, not reported in governmental funds.	1,751,955
Net position of governmental activities	\$241,249,801

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, 2014

	Major Governmental Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General	Capital Project	City Center		
Revenues					
Taxes:					
Property taxes	\$19,892,754	—	—	\$3,803,904	\$23,696,658
Sales and use taxes	13,575,938	—	—	—	13,575,938
Other taxes	12,706,783	—	—	4,130,570	16,837,353
Licenses and permits	2,400,059	—	—	—	2,400,059
Charges for services	2,857,898	—	—	2,705,732	5,563,630
Impact fees	—	—	—	337,108	337,108
Fines and forfeitures	2,360,816	—	—	505,115	2,865,931
Intergovernmental	376,000	138,786	—	2,177,163	2,691,949
Contributions and donations	45,275	491,034	—	—	536,309
Investment earnings	51,065	23,210	28,263	21,635	124,173
Other revenues	120,925	101,487	—	—	222,412
Total revenues	54,387,513	754,517	28,263	13,681,227	68,851,520
Expenditures					
Current:					
General government	9,882,805	—	—	17,363	9,900,168
Public safety	22,776,401	—	—	3,671,651	26,448,052
Public works	6,819,823	—	—	—	6,819,823
Community development	2,257,827	—	—	2,485,010	4,742,837
Culture and recreation	6,238,989	—	—	9,614	6,248,603
Capital outlay	—	8,506,026	14,256,317	299,414	23,061,757
Intergovernmental	—	40,000	—	—	40,000
Debt service:					
Principal	496,239	—	—	2,113,175	2,609,414
Interest	105,595	—	—	1,533,276	1,638,871
Bond issuance cost	—	—	—	170,000	170,000
Total expenditures	48,577,679	8,546,026	14,256,317	10,299,503	81,679,525
Excess (deficiency) of revenues over expenditures	5,809,834	(7,791,509)	(14,228,054)	3,381,724	(12,828,005)
Other financing sources (uses):					
Proceeds from sale of capital assets	549,213	—	—	—	549,213
Proceeds from revenue bonds issued	—	—	—	17,695,000	17,695,000
Payments to refunding escrow	—	—	—	(17,518,423)	(17,518,423)
Transfers in	1,656,674	8,093,503	—	—	9,750,177
Transfers out	(8,093,503)	—	—	(1,656,674)	(9,750,177)
Total other financing sources (uses)	(5,887,616)	8,093,503	—	(1,480,097)	725,790
Net change in fund balances	(77,782)	301,994	(14,228,054)	1,901,627	(12,102,215)
Fund balances, beginning of year	20,951,278	7,363,078	26,667,606	7,320,476	62,302,438
Fund balances, end of year	\$20,873,496	\$7,665,072	\$12,439,552	\$9,222,103	\$50,200,223

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, 2014

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

Net change in fund balances - total governmental funds	\$(12,102,215)
--	----------------

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.	12,445,135
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The net effect of various miscellaneous transactions involving capital assets (i.e. donations and sales) is to decrease net position.	(829,093)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(463,493)
--	-----------

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.	2,381,475
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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.	(312,513)
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Prepaid expenses are costs applicable to future periods and, therefore, are not reported in the funds.	(91,951)
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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.	(62,861)
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Change in net position - governmental activities	\$964,484
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The accompanying notes are an integral part of these financial statements.

City of Alpharetta
STATEMENT OF NET POSITION
Proprietary Funds

June 30, 2014

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Fund	Risk Management Fund
Assets		
Current assets:		
Cash and cash equivalents	\$1,202,537	\$742,157
Investments	773,730	477,515
Accounts receivable, net of allowance for uncollectibles	148,706	—
Total current assets	2,124,973	1,219,672
Non-current assets:		
Other noncurrent assets	2,056	—
Total assets	2,127,029	1,219,672
Liabilities		
Current liabilities:		
Accounts payable	258,885	85,841
Accrued salaries	933	—
Unearned revenue	852,356	—
Compensated absences payable	1,363	—
Claims payable, due within one year	—	298,748
Total current liabilities	1,113,537	384,589
Non-current liabilities:		
Claims payable, due in more than one year	—	500,974
Total noncurrent liabilities	—	500,974
Total liabilities	1,113,537	885,563
Net Position		
Unrestricted	1,013,492	334,109
Total net position	\$1,013,492	\$334,109

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, 2014

	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	\$3,194,719	—
Charges for service	—	1,075,800
Miscellaneous revenue	50	105,616
Total operating revenues	3,194,769	1,181,416
Operating Expenses		
Administration	3,213,392	116,273
Claims and judgements	—	820,343
Premiums	—	560,128
Total operating expenses	3,213,392	1,496,744
Operating loss	(18,623)	(315,328)
Non-Operating Revenues		
Investment earnings	5,250	2,815
Total non-operating revenues	5,250	2,815
Change in net position	(13,373)	(312,513)
Net Position, beginning of year	1,026,865	646,622
Net Position, end of year	\$1,013,492	\$334,109

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, 2014

	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	\$3,240,620	\$1,181,416
Payments to vendors/suppliers	(3,145,747)	(639,860)
Payments on claims	—	(594,677)
Payments to employees	(60,488)	—
Net cash provided by (used in) operating activities	34,385	(53,121)
Cash Flows From Investing Activities		
Sale of investments	57,923	700,052
Interest and dividends received	5,250	2,815
Net cash provided by investing activities	63,173	702,867
Increase in cash and cash equivalents	97,558	649,746
Cash and cash equivalents, beginning of year	1,104,979	92,411
Cash and cash equivalents, end of year	\$1,202,537	\$742,157
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating loss	\$(18,623)	\$(315,328)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Decrease in accounts receivable	41,600	—
Increase in accounts payable	8,965	36,541
Increase in other accrued liabilities	4,340	—
Decrease in compensated absence	(1,897)	—
Increase in claims payable	—	225,666
Net cash provided by (used in) operating activities	\$34,385	\$(53,121)

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

City of Alpharetta
STATEMENT OF NET POSITION
Fiduciary Funds

June 30, 2014

	Pension Plan	OPEB Plan
<i>Assets</i>		
Cash	\$371	\$944,314
Mutual funds	53,183,055	—
Total assets	53,183,426	944,314
<i>Net Position</i>		
Net position restricted for retiree benefits	\$53,183,426	\$944,314

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, 2014

	<u>Pension Plan</u>	<u>OPEB Plan</u>
<i>Additions</i>		
Contributions:		
Employee contributions	\$371,246	—
Employer contributions	2,250,000	80,692
Total contributions	2,621,246	80,692
Investment income:		
Net appreciation of fair value of investments	6,616,382	—
Net interest and dividends	1,000,695	1,081
Net investment income	7,617,077	1,081
Total additions	10,238,323	81,773
<i>Deductions</i>		
Benefit payments	1,185,315	—
Total deductions	1,185,315	—
Change in net position	9,053,008	81,773
<i>Net Position Restricted For Retiree Benefits</i>		
Beginning of year	44,130,418	862,541
End of year	\$53,183,426	\$944,314

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

City of Alpharetta – Notes to the Financial Statements

June 30, 2014

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 for which they are levied. As such, property tax revenues are recognized in the current fiscal year for the previous tax year’s levy. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

the end of the current fiscal 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 **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 capital projects expenditures as they relate to proceeds from grants awarded to the government.

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

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

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

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

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

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

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

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

1. Cash, cash equivalents, and investments

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

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

Investments for the government are reported at fair value. 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 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

In addition to assets, the statement of net position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Governmental Activities and Development Authority report a deferred charge on refunding reported in the government-wide statement of net position as a deferred outflow of resources. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the remaining life of the refunded debt or the refunding debt.

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 which occurs only in the governmental funds. The governmental funds report unavailable revenues from property taxes and other sources as these amounts are unavailable 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.

8. Long-term obligations

In the government-wide financial statements, and the proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year of issuance.

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

9. 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, and deferred inflows of resources under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications

that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Fund balances are classified as follows:

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

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

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by a formal vote of the City Council. Only the City Council may modify or rescind the commitment. The City's Council would effectively commit fund balance through the approval of an ordinance; however there are no commitments as of the fiscal year ending June 30, 2014.

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

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

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 liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$55,975,900 difference are as follows:

Bonds payable	\$(47,655,000)
Plus: Issuance premium	(886,210)
Deferred charge on refunding	1,575,061
Capital lease payable	(2,088,961)
Notes payable	(4,626,050)
Accrued interest payable	(258,927)
Compensated absences	(2,035,813)
<i>Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities</i>	<u><u>\$(55,975,900)</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 \$12,445,135 difference are as follows:

Capital outlay	\$20,617,932
Depreciation expense	<u>(8,172,797)</u>
<i>Net adjustment to increase net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities</i>	<u><u>\$12,445,135</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 \$829,093 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.	\$(1,232,204)
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>403,111</u>
<i>Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities</i>	<u><u>\$(829,093)</u></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 \$62,861 difference are as follows:

Compensated absences	\$(89,719)
Accrued interest	52,960
Net OPEB asset	(20,315)
Net pension asset	(5,787)
<hr/>	
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u><u>\$(62,861)</u></u>

Another element of that reconciliation states that "The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction,

however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$2,381,475 difference are as follows:

Principal repayments:	
General obligation bonds	\$2,015,000
Capital lease	436,239
Note payable	158,175
Issuance of refunded general obligation debt	(17,695,000)
Payment of refunded general obligation debt into escrow agent	17,518,423
Amortization of deferred charges on refunding	(131,254)
Amortization of bond premium	79,892
<hr/>	
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u><u>\$2,381,475</u></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, 2014:

Hotel/Motel Fund	\$(258,340)
Debt Service Fund - issuance costs	(170,000)
General Fund department:	
Legal	(4,045)

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

Primary government

As of June 30, 2014, the City of Alpharetta had the following investments:

Investment	Standards & Poor Rating	Weighted Average Maturity	Fair Value
Georgia Fund 1	AAAf	62 days	\$37,000,286
Mortgage Backed Securities	AA+	2.370 years	216,660
U.S. Government Agency	AA+	1.240 years	2,859,684
U.S. Treasuries	AA+	0.980 years	12,036,295
Fidelity Money Market Account	AAA	1 day	102,425
Total			\$52,215,350

Georgia Fund 1 is reported as cash equivalents as of June 30, 2014.

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

As a means of limiting exposure to credit risk, the risk of loss due to the failure of the security issuer or backer, the government limits investments to obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government and those deposit-type items which can be collateralized at 110% of the face value. Additionally, investments held outside the pension plan must have a credit rating issued by a nationally recognized statistical rating organization (NRSROs) which

is in the top category, i.e. "A3" or better from Moody's and "A-" or better from Standard & Poor's. All investments met these requirements.

Custodial credit risk, that is the risk associated with uninsured deposits, uninsured securities, or securities not registered in the government's name, is managed in accordance with the government's policy through a safekeeping agreement with an external party. State statutes and City policy require all deposits and investments (other than federal or state instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. All deposits and investments as of June 30, 2014 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.

Pension Plan Trust Fund

The Pension Trust Fund's policy in regard to investments, including the allocation of invested assets, is established and may be amended by the Board of Trustees. The Pension Trust Fund is authorized to invest in cash and cash equivalents (including money market funds and stable value funds), fixed income securities (government and corporate entity obliga-

tions, asset-backed securities, commercial paper or similar fixed income contracts), and domestic equities.

As of June 30, 2014, the Pension Plan Trust Fund had \$53,183,055 invested in the following types of investments as categorized by credit risk (ratings by Moody's for bonds and Morning Star for mutual funds):

Investment	Fair Value	Credit Quality
Mutual funds invested in equities	\$12,933,564	5
Mutual funds invested in equities	5,178,385	3
Mutual funds invested in equities	6,357,095	2
Mutual funds invested in equities	6,508,548	1
Agency bonds	2,599,814	A
Agency bonds	2,649,514	AA
Agency bonds	8,008,929	A
Money market funds	38,377	not rated
Mutual funds invested in international equities	1,867,773	4
Mutual funds invested in international equities	1,872,911	3
Mutual funds invested in international equities	2,754,896	1
Alternatives	2,413,249	not rated
Total	\$53,183,055	

Credit risk: The City's Pension Plan Trust Fund's policy specifies a target asset allocation mix to guide the pursuit of an optimal level of risk in relation to obtaining the long-term average annual return target of 6.75%. This asset allocation mix is as follows: Total Fixed Income targeted at 25.5%, with an acceptable range of 25% to 50%; Total Equities targeted at 60%, with an acceptable range of 52% to 70%, Tactical Allocation targeted at 10%, with an acceptable range of 0% to 10%, Alternatives targeted at 4.5%, with an acceptable range of 0% to 5%.

Concentration: On June 30, 2014, the Pension Plan Trust Fund did not have any debt or equity investments in any one organization, other than those issued by the U.S. Government, which represented greater than 5% of plan fiduciary net position.

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

As of June 30, 2014, the Pension Trust Fund had \$53,183,055 invested in the following investments as categorized by interest rate risk:

Investment	Fair Value	Weighted Average Maturity (Years)
Mutual funds invested in equities	\$30,977,592	n/a
Agency bonds	13,258,257	6.19 yrs
Money market funds	38,377	0.16 yrs
Mutual funds invested in international equities	6,495,580	n/a
Alternatives	2,413,249	n/a
Total	\$53,183,055	

Rate of Return: For the year ended June 30, 2014, the annual money-weighted rate of return on Pension Trust Fund investments, net of investment expenses, was 16.89%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Custodial Credit Risk – Deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2014, the Pension Plan Trust Fund did not have any deposits with financial institutions which were uninsured or under collateralized, as defined by State statutes.

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	Solid Waste	Nonmajor Governmental
Receivables:				
Taxes	\$2,736,610	—	\$229,342	\$548,478
Accounts	184,177	—	—	350,329
Intergovernmental	—	112,192	—	549,525
Gross receivables	2,920,787	112,192	229,342	1,448,332
Less allowance for uncollectibles	(311,657)	—	(80,636)	(110,504)
Net total receivables	\$2,609,130	\$112,192	\$148,706	\$1,337,828

All of the receivables are expected to be collected within one year, with the exception of a portion of the property taxes in both the General and Debt Service funds, as well as the Solid Waste charges for services. The Solid Waste Fund bills for quarterly service in advance and therefore at June 30, 2014 \$852,356 of June billings are reported as unearned revenues.

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

C. Capital assets

Capital asset activity for the fiscal year ended June 30, 2014 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	\$75,195,296	\$85,389	\$(1,111,409)	\$1,093,344	\$75,262,620
Construction in progress	8,251,511	19,726,398	(113,762)	(4,355,245)	23,508,902
Total assets, not being depreciated	83,446,807	19,811,787	(1,225,171)	(3,261,901)	98,771,522
Capital assets, being depreciated:					
Buildings	34,730,345	26,704	—	12,588	34,769,637
Improvements other than buildings	30,207,950	17,090	—	176,186	30,401,226
Machinery and equipment	18,653,352	797,036	(379,413)	96,250	19,167,225
Infrastructure	168,038,384	368,426	—	2,976,877	171,383,687
Total assets, being depreciated	251,630,031	1,209,256	(379,413)	3,261,901	255,721,775
Less accumulated depreciation for:					
Buildings	(12,611,127)	(830,859)	—	—	(13,441,986)
Improvements other than buildings	(17,065,168)	(1,276,808)	—	—	(18,341,976)
Machinery and equipment	(11,942,657)	(1,566,192)	372,380	—	(13,136,469)
Infrastructure	(60,911,128)	(4,498,938)	—	—	(65,410,066)
Total accumulated depreciation	(102,530,080)	(8,172,797)	372,380	—	(110,330,497)
Total assets, being depreciated, net	149,099,951	(6,963,541)	(7,033)	3,261,901	145,391,278
Governmental activities capital assets, net	\$232,546,758	\$12,848,246	\$(1,232,204)	—	\$244,162,800

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

<i>Governmental activities:</i>	
General government	\$427,244
Public safety	1,270,593
Public works	5,139,466
Community development	9,740
Culture and recreation	1,325,754
Total depreciation expense - governmental activities	\$8,172,797

Construction Commitments. The government has active construction projects as of June 30, 2014. The projects include street construction in areas with high congestion and commute times, sidewalks and pedestrian pathways in areas previ-

ously 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	\$155,295	\$148,552
Sidewalk and pedestrian projects	397,326	73,581
Street and transportation improvements	15,386,754	1,151,970
Machinery, equipment, and technology	6,555,802	919,945
Economic development	120,352	121,020
General administrative facilities	12,425,726	11,588,678
Total	\$35,041,255	\$14,003,746

The projects above are being financed primarily through the Capital Project Fund, using pay-as-you-go funding sources.

Expenditures have also been incurred in the City Center capital project fund primarily for general administrative facilities.

D. Interfund receivables, payables, and transfers

The composition of due to/from other fund balances as of June 30, 2014, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	City Center Fund	\$31,515
General Fund	Nonmajor governmental funds	151,496
		<u>\$ 183,011</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, 2014:

Transfer in	Transfer out	Amount
General Fund	Nonmajor governmental funds	<u>\$1,656,674</u>
Capital Projects Fund	General Fund	<u>\$8,093,503</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, 2014 is \$72,695,000.

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

The reacquisition price exceeded the net carrying amount of the old debt by \$1,706,316. This amount is being amortized over the remaining life of the refunded debt. The current balance of the deferred charge resulting from the reacquisition price exceeding the net carrying amount of the old debt is \$1,575,061. The advance refunding was undertaken to reduce total debt service payments by \$960,303 and resulted in an economic gain and a present value of cash flow savings of \$846,536. As of June 30, 2014 the defeased amount of bonds still outstanding was \$15,600,000.

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

Purpose	Maturity	Interest Rates	Amount
Governmental activities	May 2026	4.0 - 6.5%	\$2,435,000
City center project	May 2032	2.0 - 3.75%	27,790,000
Partial Refunding of Series 2006 Bonds	May 2026	2.34%	17,430,000
			\$47,655,000

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

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2015	\$2,055,000	\$1,399,912
2016	2,125,000	1,309,746
2017	2,195,000	1,241,613
2018	2,240,000	1,179,377
2019	2,290,000	1,122,572
2020-2024	12,320,000	4,760,971
2025-2029	14,370,000	3,171,309
2030-2032	10,060,000	764,250
Total	\$47,655,000	\$14,949,750

Development Authority of Alpharetta Revenue Bonds.

During fiscal year 1999, the Development Authority of Alpharetta entered into an agreement with Georgia State University Foundation (the "Foundation") to construct and finance an education facility. As a result, 20-year revenue bonds were issued by the Authority in the original amount of \$10,600,000.

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

In 2009 the Authority issued \$5,890,000 of revenue refunding bonds for the purpose of paying in full the outstanding balance of the 1999 revenue bonds. The 2009 series were issued with interest rates from 3.0% to 5.0% and a maturity date of November 1, 2018. The bonds are payable on May 1 and November 1, serially to fiscal year 2019. The reacquisition price exceeded the net carrying amount of the old debt by \$9,421. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. The current balance of the deferred charge resulting from the reacquisition price exceeding the net carrying amount of the old debt is \$4,281. 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 ab-

solute 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, 2014 are as follows:

Fiscal Year Ending June 30	Principal	Interest
2015	\$785,000	\$267,190
2016	810,000	239,440
2017	840,000	205,690
2018	875,000	166,340
2019	920,000	125,090
2020-2024	1,000,000	447,450
2025-2029	1,150,000	293,975
2030-2033	1,060,000	93,668
Total	\$7,440,000	\$1,838,843

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
2015	\$267,300	\$147,326
2016	275,600	139,992
2017	280,550	131,584
2018	290,500	120,833
2019	302,100	109,643
2020-2024	1,000,000	447,450
2025-2029	1,150,000	293,975
2030-2033	1,060,000	93,668
Total	\$4,626,050	\$1,484,471

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, 2014, the City had \$2,834,433 of machinery and equipment under capital leases with accumulated depreciation of \$742,386. The amortization expense of \$742,386 for the capital leases is included in depreciation expense.

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

Fiscal Year Ending June 30	Governmental Activities
2015	\$477,803
2016	486,367
2017	495,280
2018	286,751
2019	177,111
2020-2022	250,819
Total minimum lease payments	2,174,131
Less amount representing interest	85,170
Present value of future minimum lease payments	\$2,088,961

Changes in Long-term Liabilities. Long-term liability activity for the fiscal year ended June 30, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Governmental activities</i>					
Bonds payable:					
General obligation bonds	\$47,575,000	\$17,695,000	\$(17,615,000)	\$47,655,000	\$2,055,000
Plus issuance premium	1,178,210	—	(292,000)	886,210	
Net bonds payable	48,753,210	17,695,000	(17,907,000)	48,541,210	
Notes payable	4,784,225	—	(158,175)	4,626,050	267,300
Capital lease	2,525,200	-	(436,239)	2,088,961	450,228
Claims and judgments	574,056	820,343	(594,677)	799,722	298,748
Compensated absences	1,946,094	2,123,304	(2,033,585)	2,035,813	1,750,799
Governmental activity Long-term liabilities	\$58,582,785	\$20,638,647	\$(21,129,676)	\$58,091,756	\$4,822,075
<i>Business-type activities</i>					
Compensated absences	\$3,260	\$1,363	\$(3,260)	\$1,363	\$1,363
Business-type activity Long-term liabilities	\$3,260	\$1,363	\$(3,260)	\$1,363	\$1,363

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, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable	\$8,095,000	—	\$(655,000)	\$7,440,000	\$785,000
Plus issuance premium	358,217	—	(81,103)	277,114	—
Revenue bonds payable, net	\$8,453,217	—	\$(736,103)	\$7,717,114	\$785,000

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, 2014	Fiscal Year Ended June 30, 2013
Unpaid claims, beginning of fiscal year	\$574,056	\$491,543
Claims incurred	820,343	649,036
Claims paid	(594,677)	(566,523)
Unpaid claims, end of fiscal year	\$799,722	\$574,056

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 operations of the corporation and is not entitled to or otherwise have access to the bureau's economic resources. Separate financial statements are

available by contacting the Alpharetta Convention and Visitors Bureau's administrative offices.

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

D. Joint Venture

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

In July 2013 the cities of Alpharetta, Milton, Roswell, and Sandy Springs created the North Fulton Regional Radio System Authority (the "Authority"), which was established by Georgia House Bill 526. The Authority will provide an interoperable, high quality, reliable and uninterrupted communication signal for public safety and public services within the area in which the Authority has operational capability. The Authority's Board membership includes the City Manager or City Administrator, or his or her designee, from each participating city. The Authority was created by the cities contributing a pre-determined capital amount necessary to fund the construction and equipping of the radio system. In accordance with GASB 14: The Financial Reporting Entity, the Authority was determined to be a joint venture; however, the City does not have an equity interest in the joint venture. Of the estimated \$16 million required to initially capitalize the Authority, the City of Alpharetta is responsible for approximately \$3.7 million pursuant to the intergovernmental agreement between the cities. For the fiscal year ended June 30, 2014, the City of Alpharetta contributed \$73,418 to the Authority. Separate financial statements may be obtained from the City of Sandy Springs, who has been contracted by the Authority to serve as the accountants, at 7840 Roswell Road, Building 500, Sandy Springs, Georgia 30350.

E. Retirement Plans

Defined Benefit Pension Plans.

Plan Administration. The City of Alpharetta maintains two single-employer defined benefit pension plans, the City of Alpharetta Regular Defined Benefit Pension Plan (the "Regular Plan") and the City of Alpharetta Enhanced Defined Benefit Pension Plan (the "Enhanced Plan" or in combination the "Plans"), for the employees of the City of Alpharetta. For all reporting, funding, accounting and actuarial purposes, the Plans have been merged into a single plan, The City of Alpharetta Combined Defined Benefit Plan (the "Combined Plan") effective July 1, 2011. The Combined Plan is administered by a Board of Trustees, who has executed trust agreements with a financial institution to hold, manage, invest, and distribute contributions in accordance with the provisions of the Plans. The Board of Trustees consists of five members, the City Administrator, City Council member liaison to Finance Department, the Finance Director, the City Attorney, and the Mayor's designee. Benefit provisions are established and may be amended by the City Council. Annual contributions are determined through an actuarial valuation of the Combined Plan and are approved by City Council as part of the annual budgeting process. The Plans are closed to new entrants. The Regular Plan is funded by the City only while the Enhanced Plan is funded by both the City and the Plan participants.

The Combined Plan covers all full-time government employees, government officials, and the elected or appointed judge of the Municipal Court, hired prior to July 1, 2009. Employees become eligible to participate in the Combined Plan after one year of employment and are fully vested after five years of employment. Benefit provisions are established by a resolution of City Council. The Combined Plan provides retirement and death benefits to Plan members and beneficiaries. The Combined Plan does not issue separate stand-alone financial reports.

Plan Membership. At January 1, 2014, the date of the most recent actuarial valuation, there were 546 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	87
Vested terminated employees not yet receiving benefits	127
Active employees	332
Total	546

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

Contributions. For the Regular Plan, only the City makes contributions. For the Enhanced Plan, both the City and the Employees (at 2.5% of payroll) make contributions to the plan. For fiscal year 2014 employees contributed \$371,246 to the Enhanced Plan. The City is required to contribute at an actuari-

ally determined rate: the contribution rate for 2014 was 10.2% of payroll for the Combined Plan. The annual required contributions for the current year were determined as part of the January 1, 2013 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.

Plan Disclosures. Effective July 1, 2013, the Plan implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25, which significantly changed the disclosures required related to the Plan. The information disclosed below is presented in accordance with this new standard. The Plan does not issue separate financial statements.

Net Pension Liability of the City. The components of the net pension liability of the City at June 30, 2014 were as follows:

Total pension liability	\$64,284,432
Plan fiduciary net position	(53,183,426)
City's net pension liability	\$11,101,006
Plan fiduciary net position as a percentage of the total pension liability	82.7%

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

Actuarial assumptions.The total pension liability was determined by an actuarial valuation as of January 1, 2014 with update procedures performed by the actuary to rollforward to the total pension liability measured as of June 30, 2014. The following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.5%
Salary increases, including inflation.	3.5%
Investment rate of return.	6.75% including inflation, net of investment expense

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

The actuarial assumptions used in the January 1, 2014 valuation were based on the results of the most recent experience study which was performed in April 2005, taking into account ten years of data experience.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are: Equities – 8.25%, Fixed Income – 3.75%, Tactical Allocation – 6.45%, and Alternatives – 7.0%.

Discount rate. The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available

to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following table presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
\$21,918,302	\$11,105,948	\$2,221,178

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 June 30, 2014 and the current sharing pattern of costs between employer and employee.

Employer Disclosures. Until the City implements the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, effective July 1, 2014, the provisions of GASB Statement No. 27 continue to be followed in the financial statements from the employer perspective. The information disclosed below is presented in accordance with GASB Statement No. 27 and these measures and disclosed amounts differ from those used by the Plan under GASB Statement No. 67 as previously discussed.

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 Fiscal Year Ending June 30, 2014	For the Fiscal Year Ending June 30, 2013
Annual required contribution (ARC)	\$2,200,896	\$2,601,891
Adjustments to annual required contribution	146,224	22,031
Interest on net pension obligation (asset)	(91,333)	(164,522)
Annual pension cost	2,255,787	2,459,400
Contributions made	2,250,000	2,700,000
(Increase) decrease in NPO (asset)	5,787	(240,600)
NPO (asset) at beginning of year	(1,353,082)	(1,112,482)
NPO (asset) at end of year	\$(1,347,295)	\$(1,353,082)

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

Fiscal Period Ending	Annual Pension Cost	Percentage Contributed	Net Pension Asset
2014	\$2,255,787	100%	\$(1,347,295)
2013	2,459,400	110%	(1,353,082)
2012	2,507,738	120%	(1,112,482)

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]
1/1/2014	\$46,524,645	\$49,309,128	\$2,784,483	94.4%	\$20,203,287	13.8%

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.

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 plans in effect as of January 1, 2013.

The assumptions used in the January 1, 2013 actuarial valuation are as follows:

Cost Method	Projected unit credit
Actuarial Asset Valuation Method.	Three year smoothed market value
Assumed Rate of Return on Investments	6.75%, net of investment expenses
Projected Salary Increases	3.5%, which includes 2.5% of inflation
Cost-of-living Adjustment.	None
Amortization Method.	Level Dollar
Remaining Amortization Period.	30 years (open)

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, 2014, there were 377 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, 2014, the City’s contribution to the 401(a) plan was \$1,308,997. The amount contributed by employees into the 457 plan was \$1,339,566.

F. Other Post-employment Benefits

Plan Description. The City of Alpharetta Health Retirement Plan (the “OPEB Plan”) is a single employer defined benefit post-retirement health care plan. Through June 30, 2011 the plan operated on a “pay-as-you-go” basis. As required by GASB Statement 45, the City reports in the financial statements the “costs” associated with the future participation of retirees in this benefit. The Plan does not issue a separate stand-alone financial report. The Plan is administered by a Board of

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

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

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

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, 2013, 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]
7/1/2013	\$862,541	\$865,192	\$2,651	100%	\$24,004,399	0.0%

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, 2014	For the Plan Year Ending June 30, 2013
Annual required contribution	\$89,652	\$84,939
Adjustments to annual required contribution	26,284	29,263
Interest expense	(14,929)	(15,286)
Annual OPEB cost	101,007	98,916
Contributions made	80,692	28,979
Increase in net OPEB obligation	20,315	69,937
Net OPEB obligation (asset) at beginning of year	(427,031)	(496,968)
Net OPEB obligation (asset) at end of year	\$(406,716)	\$(427,031)

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

Fiscal Period Ending	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation (Asset)
2014	\$101,007	80%	\$(406,716)
2013	98,916	29%	(427,031)
2012	144,569	611%	(496,968)

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, 2013 and the current sharing pattern of costs

between employer and employee. The assumptions used in the July 1, 2013 actuarial valuation are as follows:

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

G. Hotel/Motel Lodging Tax

The government imposes a hotel/motel tax on lodging facilities within the City of Alpharetta. The tax is assessed at 6%. Revenues were \$4,130,370 for the fiscal year ended June 30, 2014.

Of this amount 100%, or \$4,130,370, was expended. Expenditures of the tax were used to promote tourism as required by O.C.G.A. 48-13-51.

Financial Section

Required Supplementary Information

City of Alpharetta
Required Supplementary Information
Retirement Plan
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]
2014	\$46,524,645	\$49,309,128	\$2,784,483	94.4%	\$20,203,287	13.8%
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%

*The above schedule was prepared in accordance with GASB Statement No. 27.
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]
2013	\$862,541	\$865,192	\$2,651	100%	\$24,004,399	0.0%
2012	\$862,541	\$805,064	\$(57,477)	107%	\$21,976,544	0.3%
2010	–	\$862,110	\$(862,110)	0%	\$23,011,719	3.7%
2009	–	696,331	(696,331)	0%	20,925,545	3.3%
2008	–	653,560	(653,560)	0%	19,929,090	3.3%

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

City of Alpharetta
Required Supplementary Information
Retirement Plan

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

	2014
Total pension liability	
Service cost	\$1,561,829
Interest on total pension liability	4,005,310
Differences between expected and actual experience	—
Benefit payments, including refunds of employee contributions	(1,185,315)
Net change in total pension liability	4,381,824
Total pension liability - beginning	59,902,608
Total pension liability - ending (a)	\$64,284,432
Plan fiduciary net position	
Contributions - employer	\$2,250,000
Contributions - employee	371,246
Net investment income	7,664,372
Benefit payments, including refunds of member contributions	(1,185,315)
Administrative expenses	(47,295)
Net change in plan fiduciary net position	9,053,008
Plan fiduciary net position - beginning	44,130,418
Plan fiduciary net position - ending (b)	\$53,183,426
City's net pension liability - ending (a) - (b)	\$11,101,006
Plan fiduciary net position as a percentage of the total pension liability	82.7%
Covered-employee payroll	\$20,203,287
Net pension liability as a percentage of covered-employee payroll	54.9%

Notes to the Schedule:

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

City of Alpharetta
Required Supplementary Information
Retirement Plan
SCHEDULE OF CITY CONTRIBUTIONS

	2014	2013	2012	2011	2010
Actuarially determined contribution	\$2,255,787	\$2,601,891	\$2,553,324	\$3,528,345	\$2,999,252
Contributions in relation to the actuarially determined contribution	2,250,000	2,705,967	2,987,389	3,104,944	2,849,289
Contribution deficiency (excess)	\$5,787	\$(104,076)	\$(434,065)	\$ 423,401	\$149,963
Covered employee payroll	\$20,203,287	\$21,623,292	\$22,141,454	\$23,393,451	\$23,011,719
Contributions as a percentage of covered-employee payroll	11.14%	12.51%	13.49%	13.27%	12.38%
	2009	2008	2007	2006	2005
Actuarially determined contribution	\$2,776,563	\$2,279,042	\$1,027,306	\$1,048,519	\$1,149,906
Contributions in relation to the actuarially determined contribution	2,531,525	2,279,042	1,948,525	1,048,519	1,149,906
Contribution deficiency (excess)	\$245,038	—	\$(921,219)	—	—
Covered employee payroll	\$21,345,172	\$19,929,090	\$17,127,360	\$15,699,449	\$15,699,449
Contributions as a percentage of covered-employee payroll	11.86%	11.44%	11.38%	6.68%	7.32%

Notes to the Schedule

(1) Actuarial Assumptions:

Valuation Date	January 1, 2014
Cost Method	Entry Age
Actuarial Asset Valuation Method	Five year smoothed market value
Assumed Rate of Return on Investments	6.75%
Projected Salary Increases	3.5%, which includes 1.0% due to merit and 2.5% for inflation
Cost-of-living Adjustment	None
Amortization Method	Level dollar for unfunded liability
Remaining Amortization Period	30 years (open)

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

City of Alpharetta
Required Supplementary Information
Retirement Plan
SCHEDULE OF PENSION INVESTMENT RETURNS

Annual money-weighted rate of return, net of investment expenses for the City's Pension Plan	2014
	16.9%

Notes to the Schedule:

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

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

For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$18,590,000	\$18,590,000	\$19,892,754	\$1,302,754
Sales and use taxes	12,850,000	12,850,000	13,575,938	725,938
Franchise taxes	6,340,000	6,340,000	6,235,684	(104,316)
Business taxes	4,055,000	4,055,000	4,227,363	172,363
Other taxes	2,292,000	2,292,000	2,243,736	(48,264)
Licenses and permits	1,747,500	1,747,500	2,400,059	652,559
Charges for services	2,666,200	2,316,200	2,857,898	541,698
Fines and forfeitures	2,850,000	2,850,000	2,360,816	(489,184)
Intergovernmental	76,252	426,252	376,000	(50,252)
Contributions and donations	—	53,408	45,275	(8,133)
Investment earnings	50,000	50,000	51,065	1,065
Other revenues	142,202	142,202	120,925	(21,277)
Total revenues	51,659,154	51,712,562	54,387,513	2,674,951
Expenditures				
Current:				
General government:				
City clerk	433,476	402,589	389,612	12,977
Mayor and council	314,541	314,541	282,367	32,174
Municipal court	1,025,056	1,025,056	954,463	70,593
Legal	500,000	500,000	504,045	(4,045)
City administrator	2,073,733	2,136,165	2,099,499	36,666
Finance	2,927,409	2,930,733	2,792,571	138,162
Human resources	380,472	380,472	351,050	29,422
Technology services	1,446,819	1,446,819	1,389,411	57,408
Internal audit	163,589	163,894	162,634	1,260
Non-departmental	1,235,800	1,175,046	957,153	217,893
Total general government	10,500,895	10,475,315	9,882,805	592,510
Public safety	23,538,650	23,548,769	22,776,401	772,368
Engineering and public works	6,967,095	7,006,818	6,819,823	186,995
Community development	2,406,477	2,449,977	2,257,827	192,150
Culture and recreation	6,647,433	6,674,482	6,238,989	435,493
Debt service				
Principal	581,243	581,243	496,239	85,004
Interest	132,131	132,131	105,595	26,536
Total expenditures	50,773,924	50,868,735	48,577,679	2,291,056
Excess of revenues over expenditures	885,230	843,827	5,809,834	4,966,007
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	89,121	89,121	549,213	460,092
Transfers in	1,480,000	1,484,446	1,656,674	172,228
Transfers out	(8,093,503)	(8,093,503)	(8,093,503)	—
Total other financing sources (uses)	(6,524,382)	(6,519,936)	(5,887,616)	632,320
Net change in fund balances	(5,639,152)	(5,676,109)	(77,782)	5,598,327
Fund balances, beginning of year	20,951,278	20,951,278	20,951,278	—
Fund balances, end of year	\$15,312,126	\$15,275,169	\$20,873,496	\$5,598,327

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 Fund

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

Capital Projects Fund

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

City of Alpharetta
COMBINING BALANCE SHEET
Nonmajor Governmental Funds

June 30, 2014

	Special Revenue Funds					Capital Projects Fund	Debt Service Fund	Total Nonmajor Government Funds
	Hotel Motel	Impact Fee	Confiscated Assets	Grant Operating	E911	Grant Capital		
Assets								
Cash and cash equivalents	—	\$684,952	\$2,099,974	\$35,300	\$2,390,828	\$619,175	\$544,427	\$6,374,656
Investments	—	440,708	—	22,687	1,538,294	398,387	346,061	2,746,137
Taxes receivable, net	385,800	—	—	—	—	—	52,174	437,974
Accounts receivable	—	—	—	—	350,329	—	—	350,329
Intergovernmental	—	—	—	20,678	211,289	317,558	—	549,525
Total assets	\$385,800	\$1,125,660	\$2,099,974	\$78,665	\$4,490,740	\$1,335,120	\$942,662	\$10,458,621
Liabilities, Deferred Inflows of Resources, and Fund Balances								
Liabilities								
Accounts payable	\$227,148	\$6,250	—	\$1,266	\$460,328	\$156,850	—	\$851,842
Accrued expenditures	—	—	3,700	—	36,563	—	—	40,263
Due to other funds	151,432	—	64	—	—	—	—	151,496
Total liabilities	378,580	6,250	3,764	1,266	496,891	156,850	—	1,043,601
Deferred Inflows of Resources								
Unavailable revenue - property taxes	—	—	—	—	—	—	29,497	29,497
Unavailable revenue - other	7,220	—	—	19,492	22,150	114,558	—	163,420
Total deferred inflows of resources	7,220	—	—	19,492	22,150	114,558	29,497	192,917
Fund Balances								
Restricted:								
Capital projects	—	1,119,410	—	—	—	419,801	—	1,539,211
Law enforcement	—	—	2,096,210	3,500	—	—	—	2,099,710
Emergency telephone system activities	—	—	—	—	3,971,699	—	—	3,971,699
Debt service	—	—	—	—	—	—	913,165	913,165
Assigned for grant projects	—	—	—	54,407	—	643,911	—	698,318
Total fund balances	—	1,119,410	2,096,210	57,907	3,971,699	1,063,712	913,165	9,222,103
Total liabilities, deferred inflows of resources, and fund balances	\$385,800	\$1,125,660	\$2,099,974	\$78,665	\$4,490,740	\$1,335,120	\$942,662	\$10,458,621

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

For the Fiscal Year Ended June 30, 2014

	Special Revenue Funds					Capital Projects Fund	Debt Service Fund	Total Nonmajor Government Funds
	Hotel Motel	Impact Fee	Confiscated Assets	Grant Operating	E911	Grant Capital		
Revenues								
Property taxes	—	—	—	—	—	—	\$3,803,904	\$3,803,904
Hotel/Motel taxes	4,130,570	—	—	—	—	—	—	4,130,570
Impact fees	—	337,108	—	—	—	—	—	337,108
Charges for services	—	—	—	—	2,705,732	—	—	2,705,732
Forfeiture income	—	—	505,115	—	—	—	—	505,115
Intergovernmental	—	—	—	36,595	1,033,485	1,107,083	—	2,177,163
Investment earnings	—	2,581	—	230	10,211	4,150	4,463	21,635
Total revenues	4,130,570	339,689	505,115	36,825	3,749,428	1,111,233	3,808,367	13,681,227
Expenditures								
Current:								
General government	—	16,363	—	—	—	—	1,000	17,363
Culture and recreation	—	—	—	9,614	—	—	—	9,614
Public safety	—	—	525,054	42,958	3,103,639	—	—	3,671,651
Community development	2,485,010	—	—	—	—	—	—	2,485,010
Capital outlay	—	—	—	—	—	299,414	—	299,414
Debt service:								
Principal	—	—	—	—	—	—	2,113,175	2,113,175
Interest	—	—	—	—	—	—	1,533,276	1,533,276
Bond issuance costs	—	—	—	—	—	—	170,000	170,000
Total expenditures	2,485,010	16,363	525,054	52,572	3,103,639	299,414	3,817,451	10,299,503
Excess (deficiency) of revenues over expenditures	1,645,560	323,326	(19,939)	(15,747)	645,789	811,819	(9,084)	3,381,724
Other Financing Sources (Uses)								
Proceeds from revenue bonds issued	—	—	—	—	—	—	17,695,000	17,695,000
Payments to refunding escrow	—	—	—	—	—	—	(17,518,423)	(17,518,423)
Transfers out	(1,656,674)	—	—	—	—	—	—	(1,656,674)
Total other financing uses	(1,656,674)	—	—	—	—	—	176,577	(1,480,097)
Net change in fund balances	(11,114)	323,326	(19,939)	(15,747)	645,789	811,819	167,493	1,901,627
Fund balances, beginning of year	11,114	796,084	2,116,149	73,654	3,325,910	251,893	745,672	7,320,476
Fund balances, end of year	—	\$1,119,410	\$2,096,210	\$57,907	\$3,971,699	\$1,063,712	\$913,165	\$9,222,103

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, 2014

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Hotel/Motel taxes	\$3,700,000	\$3,700,000	\$4,130,570	\$430,570
Total revenues	3,700,000	3,700,000	4,130,570	430,570
Expenditures				
Current:				
Community development	2,220,000	2,226,670	2,485,010	(258,340)
Total expenditures	2,220,000	2,226,670	2,485,010	(258,340)
Excess of revenues over expenditures	1,480,000	1,473,330	1,645,560	172,230
Other Financing Uses				
Transfers out	(1,480,000)	(1,484,444)	(1,656,674)	(172,230)
Total other financing uses	(1,480,000)	(1,484,444)	(1,656,674)	(172,230)
Net changes in fund balances	—	(11,114)	(11,114)	—
Fund balances, beginning of year	11,114	11,114	11,114	—
Fund balances, end of year	\$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, 2014

	Budget		Actual	Variance with Final Budget
	Original	Final		
<i>Revenues</i>				
Impact fees	\$45,000	\$45,000	\$337,108	\$292,108
Investment earnings	1,350	1,350	2,581	1,231
Total revenues	46,350	46,350	339,689	293,339
<i>Expenditures</i>				
Current:				
General government	46,350	842,434	16,363	826,071
Total expenditures	46,350	842,434	16,363	826,071
Net changes in fund balances	—	(796,084)	323,326	1,119,410
Fund balances, beginning of year	796,084	796,084	796,084	—
Fund balances, end of year	\$796,084	—	\$1,119,410	\$1,119,410

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, 2014

	Budget		Actual	Variance with Final Budget
	Original	Final		
<i>Revenues</i>				
Forfeiture income	\$585,000	\$585,000	\$505,115	\$(79,885)
Investment earnings	500	500	—	(500)
Total revenues	585,500	585,500	505,115	(80,385)
<i>Expenditures</i>				
Current:				
Public safety	585,500	2,701,649	525,054	2,176,595
Total expenditures	585,500	2,701,649	525,054	2,176,595
Net changes in fund balances	—	(2,116,149)	(19,939)	2,096,210
Fund balances, beginning of year	2,116,149	2,116,149	2,116,149	—
Fund balances, end of year	\$2,116,149	—	\$2,096,210	\$2,096,210

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, 2014

	Budget		Actual	Variance with Final Budget
	Original	Final		
<i>Revenues</i>				
Intergovernmental	\$51,387	\$51,387	\$36,595	\$(14,792)
Investment earnings	—	—	230	230
Total revenues	51,387	51,387	36,825	(14,562)
<i>Expenditures</i>				
Current:				
General government	50,752	50,752	—	50,752
Public safety	65,930	65,930	42,958	22,972
Culture and recreation	38,714	38,714	9,614	29,100
Total expenditures	104,644	104,644	52,572	52,072
Net changes in fund balances	(53,257)	(53,257)	(15,747)	37,510
Fund balances, beginning of year	73,654	73,654	73,654	—
Fund balances, end of year	\$20,397	\$20,397	\$57,907	\$37,510

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, 2014

	Budget		Actual	Variance with Final Budget
	Original	Final		
<i>Revenues</i>				
Charges for services	\$2,247,000	\$2,247,000	\$2,705,732	\$458,732
Intergovernmental	1,096,262	1,096,262	1,033,485	(62,777)
Investment earnings	3,085	3,085	10,211	7,126
Total revenues	3,346,347	3,346,347	3,749,428	403,081
<i>Expenditures</i>				
Current:				
Public safety	3,346,347	5,967,255	3,103,639	2,863,616
Total expenditures	3,346,347	5,967,255	3,103,639	2,863,616
Net changes in fund balances	—	(2,620,908)	645,789	3,266,697
Fund balances, beginning of year	3,325,910	3,325,910	3,325,910	—
Fund balances, end of year	\$3,325,910	\$705,002	\$3,971,699	\$3,266,697

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, 2014

	Budget		Actual	Variance with Final Budget
	Original	Final		
<i>Revenues</i>				
Property taxes	\$3,725,000	\$3,725,000	\$3,803,904	\$78,904
Investment earnings	8,000	8,000	4,463	(3,537)
Total revenues	3,733,000	3,733,000	3,808,367	75,367
<i>Expenditures</i>				
Current:				
General government	62,685	832,220	1,000	831,220
Debt service:				
Principal	1,848,175	2,113,175	2,113,175	—
Interest	1,822,140	1,533,277	1,533,276	1
Bond issuance costs	—	—	170,000	(170,000)
Total expenditures	3,733,000	4,478,672	3,817,451	661,221
Excess of revenues over expenditures	—	(745,672)	(9,084)	736,588
<i>Other financing sources (uses)</i>				
Proceeds from revenue bonds issued	—	—	17,695,000	17,695,000
Payments to refunding escrow	—	—	(17,518,423)	(17,518,423)
Total other financing sources (uses)	—	—	176,577	176,577
Net change in fund balances	—	(745,672)	167,493	913,165
Fund balances, beginning of year	745,672	745,672	745,672	—
Fund balances, end of year	\$745,672	—	\$913,165	\$913,165

Financial Section

Discretely Presented Component Unit –
Development Authority of Alpharetta

City of Alpharetta
BALANCE SHEET
Component Unit - Development Authority

June 30, 2014

Assets

Cash	\$159,056
Total assets	\$159,056

Fund Balance

Fund balance:	
Restricted for job creation	\$33,750
Unassigned	125,306
Total fund balance	159,056
Total liabilities and fund balance	\$159,056

City of Alpharetta
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
Component Unit - Development Authority

For the Fiscal Year Ended June 30, 2014

Revenues

Intergovernmental	\$40,000
Miscellaneous income	1,424,909
Total revenues	1,464,909

Expenditures

Community development	515,894
Debt service:	
Principal	655,000
Interest	274,841
Total expenditures	1,445,735

Net change in fund balances	19,174
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Fund balance, beginning of year	139,882
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Fund balance, end of year	\$159,056
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Statistical Section

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

<u>Contents</u>	<u>Pages</u>
Financial Trends	96-103
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	104-106
These schedules contain information to help the reader assess the government’s most significant local revenue source, property tax.	
Debt Capacity	107-108
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	109
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	110-112
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)

	2014	2013	2012	2011	2010
<i>Governmental activities</i>					
Net investment in capital assets ²	\$201,359,025	\$203,216,963	\$210,559,491	\$197,506,611	\$187,034,265
Restricted	9,614,036	8,063,704	6,669,541	9,944,113	7,524,218
Unrestricted	30,276,740	29,004,650	28,447,427	25,107,500	36,664,811
Total governmental activities net position	\$241,249,801	\$240,285,317	\$245,676,459	\$232,558,224	\$231,223,294
<i>Business-type activities¹</i>					
Net investment in capital assets	-	-	-	-	-
Restricted	-	-	-	-	-
Unrestricted	1,013,492	1,026,865	1,016,648	995,792	956,834
Total business-type activities net position	\$1,013,492	\$1,026,865	\$1,016,648	\$995,792	\$956,834
<i>Primary government</i>					
Net investment in capital assets	\$201,359,025	\$203,216,963	\$210,559,491	\$197,506,611	\$187,034,265
Restricted	9,614,036	8,063,704	6,669,541	9,944,113	7,524,218
Unrestricted	31,290,232	30,031,515	29,464,075	26,103,292	37,621,645
Total primary government net position	\$242,263,293	\$241,312,182	\$246,693,107	\$233,554,016	\$232,180,128

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)

	2009	2008	2007	2006	2005
<i>Governmental activities</i>					
Net investment in capital assets ²	\$175,867,666	\$167,306,416	\$159,669,387	\$82,695,772	\$31,096,624
Restricted	18,232,657	18,140,239	14,174,532	14,392,861	12,951,724
Unrestricted	25,022,020	25,645,599	24,814,424	22,444,151	14,828,584
Total governmental activities net position	\$219,122,343	\$211,092,254	\$198,658,343	\$119,532,784	\$58,876,932
<i>Business-type activities¹</i>					
Net investment in capital assets	—	—	—	—	—
Restricted	—	—	—	—	—
Unrestricted	982,404	843,883	630,455	467,185	435,139
Total business-type activities net position	\$982,404	\$843,883	\$630,455	\$467,185	\$435,139
<i>Primary government</i>					
Net investment in capital assets	\$175,867,666	\$167,306,416	\$159,669,387	\$82,695,772	\$31,096,624
Restricted	18,232,657	18,140,239	14,174,532	14,392,861	12,951,724
Unrestricted	26,004,424	26,489,482	25,444,879	22,911,336	15,263,723
Total primary government net position	\$220,104,747	\$211,936,137	\$199,288,798	\$119,999,969	\$59,312,071

City of Alpharetta
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

<i>Expenses</i>	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<i>Governmental activities</i> ¹ :										
General government	\$11,463,544	\$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
Public safety	27,912,188	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
Public works	14,035,094	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
Community development	4,774,226	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
Culture and recreation	7,834,329	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
Interest on long-term debt	1,807,273	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
Total governmental activities expenses	67,826,654	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
<i>Business-type activities</i> :										
Water ²	—	—	—	—	—	—	—	—	—	7,641,035
Solid Waste	3,213,392	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
Total business-type activities expenses	3,213,392	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
Total primary government expenses	\$71,040,046	\$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
<i>Program Revenues</i>										
<i>Governmental activities</i> :										
<i>Charges for services</i> ³ :										
General government	\$2,843,024	\$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
Public safety	5,138,078	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
Public works	88,191	36,268	12,304	14,214	10,543	27,799	64,874	228,036	110,457	172,052
Community development	2,725,927	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
Culture and recreation	1,709,555	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
Operating grants and contributions	397,870	398,524	82,200	85,049	180,396	689,900	273,823	1,129,000	116,537	74,860
Capital grants and contributions ⁴	1,662,642	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
Total governmental activities program revenues	14,565,287	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
<i>Business-type activities</i> :										
<i>Charges for service</i> :										
Water ²	—	—	—	—	—	—	—	—	—	3,470,393
Solid waste	3,194,769	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
Total business-type activities program revenues	3,194,769	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
Total primary government program revenues	\$17,760,056	\$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
<i>Net (Expense)/Revenue:</i>										
Governmental activities	\$(53,261,367)	\$(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)
Business-type activities	(18,623)	7,127	16,376	35,531	(32,319)	108,330	153,633	121,411	(246,305)	(4,267,100)
Total primary government net expense	\$(53,279,990)	\$(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)

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**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities:										
Property taxes	\$23,681,167	\$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
Sales taxes	13,575,938	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
Franchise taxes ⁵	6,235,684	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	4,137,790	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	4,227,363	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	2,243,736	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
Unrestricted investment earnings	124,173	97,018	87,739	84,599	350,630	1,333,572	2,363,020	3,179,417	1,105,481	975,868
Gain on sale of capital assets	—	—	—	—	—	—	—	—	—	23,351
Miscellaneous	—	—	—	—	—	—	—	—	—	80,706
Transfers	—	—	—	—	—	—	(605)	—	(250,868)	28,317
Total governmental activities	54,225,851	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
Business-type activities:										
Unrestricted investment earnings	5,250	3,090	4,480	3,427	6,749	30,191	59,190	41,859	27,483	22,201
Miscellaneous	—	—	—	—	—	—	—	—	—	—
Transfers	—	—	—	—	—	—	605	—	250,868	(28,317)
Total business-type activities	5,250	3,090	4,480	3,427	6,749	30,191	59,795	41,859	278,351	(6,116)
Total primary government	\$54,231,101	\$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
Change in Net Position										
Governmental activities	\$964,484	\$(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
Business-type activities	(13,373)	10,217	20,856	38,958	(25,570)	138,521	213,428	163,270	32,046	(4,273,216)
Total primary government	\$951,111	\$(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

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	Hotel/Motel Occupancy Tax	Business Taxes	Other Taxes	Total
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
2014	23,681,167	13,575,938	6,235,684	4,137,790	4,227,363	2,243,736	54,101,678

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

(modified accrual basis of accounting)

	2014	2013	2012	2011 ³	2010
General fund					
Reserved	—	—	—	—	\$63,663
Unreserved	—	—	—	—	18,815,691
Assigned - subsequent budget appropriations	4,105,260	5,684,667	4,661,795	4,441,136	—
Unassigned	16,768,236	15,266,611	16,668,503	16,123,905	—
Total general fund		\$20,951,278	\$21,330,298	\$20,565,041	\$18,879,354
All other governmental funds					
Reserved	—	—	—	—	\$10,508,967
Unreserved, reported in:					
Special revenue funds	—	—	—	—	3,711,378
Capital projects funds ¹	—	—	—	—	19,154,319
Restricted:					
Capital projects	14,896,779	28,411,579	31,250,773 ⁴	4,411,296	—
Law enforcement	2,099,710	2,116,404	1,716,204	1,281,939	—
Emergency telephone services	3,971,699	3,325,910	2,486,266	1,915,839	—
Grant projects	—	—	—	610,351	—
Debt service	913,165	745,672	327,547	4,948,377	—
Promotion of tourism	—	11,114	11,081	10,947	—
Assigned:					
Grant projects	698,318	325,292	85,510	103,241	—
Capital projects	6,747,056	6,415,189	5,001,690	4,055,233	—
Unassigned	—	—	(1,188,792)	—	—
Total all other governmental funds	\$29,326,727	\$41,351,160	\$39,690,279	\$17,337,223	\$33,374,664
	2009	2008	2007	2006	2005
General fund					
Reserved	\$33,154	\$49,466	\$411,191	\$416,165	\$381,148
Unreserved	21,262,328	22,833,742	19,435,188	21,989,576	20,565,210
Assigned - subsequent budget appropriations	—	—	—	—	—
Unassigned	—	—	—	—	—
Total general fund	\$21,295,482	\$22,883,208	\$19,846,379	\$22,405,741	\$20,946,358
All other governmental funds					
Reserved	\$11,653,684	\$15,270,790	\$14,809,412	\$15,644,487	\$13,927,318
Unreserved, reported in:					
Special revenue funds	3,087,843 ²	2,746,028 ²	2,035,713 ²	129,081	46,402
Capital projects funds ¹	16,364,581	13,698,188	18,023,349	20,494,549	(2,687,361)
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	\$31,106,108	\$31,715,006	\$34,868,474	\$36,268,117	\$11,286,359

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)

	2014	2013	2012	2011	2010
Revenues					
Property taxes	\$23,696,658	\$23,127,131	\$23,226,420	\$25,175,624	\$25,940,049
Sales tax	13,575,938	12,173,275	12,239,330	11,230,204	11,174,798
Other taxes	16,837,353	16,596,690	15,951,485	14,343,669	13,830,636
Licenses and permits	2,400,059	1,859,213	2,201,211	1,819,139	1,497,744
Intergovernmental	2,691,949	8,104,863	5,412,258	1,417,580	1,018,726
Contributions and donations	536,309	116,510	25,277	96,957	1,038,048
Charges for services	5,563,630	5,136,187	5,184,606	5,194,559	4,640,288
Impact fees	337,108	158,038	468,657	251,116	104,486
Fines and forfeitures	2,865,931	3,356,903	3,930,119	4,235,789	3,867,865
Investment earnings	124,173	97,018	87,739	84,599	350,630
Miscellaneous	222,412	357,667	225,280	405,286	295,292
Total revenues	68,851,520	71,083,495	68,952,382	64,254,522	63,758,562
Expenditures					
General government	9,900,168	9,235,058	8,859,577	7,805,079	7,390,748
Public safety	26,448,052	25,074,754	24,696,668	24,489,746	23,891,333
Public works	6,819,823	6,700,695	6,580,587	6,343,910	7,025,225
Community development	4,742,837	4,340,018	3,934,018	3,813,176	3,624,923
Culture and recreation	6,248,603	6,128,106	6,140,771	6,139,829	6,168,144
Capital outlay	23,061,757	15,166,479	17,732,749	20,157,683	4,729,958
Intergovernmental	40,000	4,130,000	—	—	—
Debt service:					
Principal	2,609,414	4,576,564	6,348,904	8,580,773	8,109,879
Interest	1,638,871	1,966,171	1,370,126	1,522,673	1,789,637
Other charges	170,000	—	400,334	—	—
Total expenditures	81,679,525	77,317,845	76,063,734	78,852,869	62,729,847
Excess (deficiency) of revenues over (under) expenditures	(12,828,005)	(6,234,350)	(7,111,352)	(14,598,347)	1,028,715
Other Financing Sources (Uses)					
Transfers in	9,750,177	8,994,917	10,291,074	6,837,811	8,143,936
Transfers out	(9,750,177)	(8,994,917)	(10,683,574)	(7,564,111)	(9,393,322)
General obligation bond proceeds	17,695,000	—	29,000,000	—	—
Premium on bond issuance	—	—	1,001,322	—	—
Payments to refunding escrow	(17,518,423)	—	—	—	—
Capital leases	—	3,290,981	487,153	725,000	—
Issuance of intergovernmental payable	—	4,130,000	—	—	—
Sale of capital assets	549,213	95,230	133,690	247,893	73,099
Total other financing sources (uses)	725,790	7,516,211	30,229,665	246,593	(1,176,287)
Net change in fund balances	\$(12,102,215)	\$1,281,861	\$23,118,313	\$(14,351,754)	\$(147,572)
Debt service as a percentage of noncapital expenditures	7.1%	9.5%	12.5%	15.7%	16.8%
Total debt service expenditures	4,248,285	6,542,735	7,719,030	10,103,446	9,899,516
Total non-capital expenditures	60,255,371	68,579,162	61,764,450	64,544,837	59,080,042

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)

	2009	2008	2007	2006	2005
Revenues					
Property taxes	\$26,363,736	\$25,276,979	\$22,498,377	\$20,918,071	\$18,723,147
Sales tax	10,696,787	11,263,805	9,992,908	8,838,133	7,748,031
Other taxes	13,849,941	14,033,302	13,536,410	12,023,499	11,147,065
Licenses and permits	1,369,379 ³	2,241,052	2,650,990	2,428,720	2,276,966
Intergovernmental	2,654,411	4,789,371 ²	190,137	416,456	196,872
Contributions and donations	1,185,269	1,401,217	1,194,078 ¹	—	—
Charges for services	4,646,782	4,863,146	4,899,304	4,189,487	3,919,248
Impact fees	591,847	453,917	1,115,177	724,847	1,312,996
Fines and forfeitures	3,726,714	3,936,673	3,477,753	2,820,273	1,952,446
Investment earnings	1,204,047 ⁴	2,363,020	3,179,417	1,105,481	975,868
Miscellaneous	476,829	320,005	1,207,870	566,229	604,288
Total revenues	66,765,742	70,942,487	63,942,421	54,031,196	48,856,927
Expenditures					
General government	8,394,078	8,178,118	7,223,771	8,303,827	8,364,720
Public safety	23,656,964	21,584,771	19,858,875	16,924,195	14,540,215
Public works	7,312,275	6,929,946	5,762,199	3,595,196	3,381,817
Community development	3,741,557	4,083,613	3,890,550	3,557,433	2,863,836
Culture and recreation	6,303,376	6,453,642	6,043,546	5,466,088	5,643,779
Capital outlay	9,724,389 ⁵	16,246,727	16,189,652	9,274,131	8,090,107
Intergovernmental	—	—	—	—	—
Debt service:					
Principal	7,624,937	7,316,818	6,345,025	4,856,725	4,309,250
Interest	2,438,731	2,745,648	2,807,337	2,006,528	2,194,637
Other charges	153,513	—	—	171,700	—
Total expenditures	69,349,820	73,539,283	68,120,955	54,155,823	49,388,361
Excess (deficiency) of revenues over (under) expenditures	(2,584,078)	(2,596,796)	(4,178,534)	(124,627)	(531,434)
Other Financing Sources (Uses)					
Transfers in	7,867,835	8,532,046	13,195,113	7,984,514	6,012,438
Transfers out	(7,867,835)	(8,532,651)	(13,195,113)	(8,235,382)	(5,984,082)
General obligation bond proceeds	8,620,000	—	—	26,290,000	—
Premium on bond issuance	—	—	—	520,136	—
Payments to refunding escrow	(8,624,872)	—	—	—	—
Capital leases	—	2,427,366	—	—	—
Issuance of intergovernmental payable	—	—	—	—	—
Sale of capital assets	244,000	53,396	219,529	6,500	227,259
Total other financing sources (uses)	239,128	2,480,157	219,529	26,565,768	255,615
Net change in fund balances	\$(2,344,950)	\$(116,639)	\$(3,959,005)	\$26,441,141	\$(275,819)
Debt service as a percentage of noncapital expenditures					
	16.6%	17.4%	19.8%	18.1%	18.7%
Total debt service expenditures	10,063,668	10,062,466	9,152,362	6,863,253	6,503,887
Total non-capital expenditures	60,507,757	57,895,569	46,322,696	37,846,739	34,794,367

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
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
2014	23,696,658	13,575,938	6,235,684	895,290	1,774,662	7,931,717	54,109,949

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					
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%
2014	1,859,569,100	2,526,630,701	218,557,340	10,760	527,564,070	4,077,203,831	5.75	11,511,919,753	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		
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
2014	2013	4.870	0.880	5.750	10.211	0.270	10.481	18.502	0.000	18.502	0.150	34.883

Source: Georgia Department of Revenue, Property Tax Division

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

City of Alpharetta
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
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
2014	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	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
BRE COH GA LLC	\$79,165,360	1	1.94%	—	—	—
GGP North Point Inc	59,040,350	2	1.45	\$31,118,960	1	1.10%
Sanctuary Park Realty Holding	54,234,980	3	1.33	—	—	—
Gardner Drive LLC	29,015,280	4	0.71	18,943,520	2	0.67
CH Realty IV Royal Centre LLC	26,154,160	5	0.64	—	—	—
AMLI at Milton Park LLC	22,826,000	6	0.56	11,068,120	9	0.39
Metropolitan Life Ins Co	22,762,520	7	0.56	—	—	—
CP Venture Two LLC	21,877,600	8	0.54	11,166,600	8	0.39
AT&T Resource Mgmt Corp	20,020,680	9	0.49	—	—	—
Park Bridge Pkwy Apartments	17,308,680	10	0.42	—	—	—
Imperatum Georgia LLC	—	—	—	18,636,160	3	0.66
Duke Realty LTD Partnership	—	—	—	17,184,360	6	0.61
HBO & Co of GA	—	—	—	18,137,590	5	0.64
Allianz Life Insurance	—	—	—	18,562,160	4	0.66
Digital Equipment Corp	—	—	—	12,594,720	7	0.45
SVF Park Bridge	—	—	—	10,890,960	10	0.38
Totals	\$352,405,610		8.64%	\$168,303,150		5.95%

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
2005	2004	\$18,188,180	\$18,188,800	100.00%	\$(16,113) ¹	\$18,172,687	99.91%
2006	2005	19,556,666	19,227,210	98.32	304,128	19,531,338	99.87
2007	2006	21,345,278	20,926,995	98.04	397,468	21,324,463	99.90
2008	2007	23,626,058	23,144,721	97.96	453,544	23,598,265	99.88
2009	2008	25,158,928	24,170,200	96.07	953,679	25,123,879	99.86
2010	2009	24,787,156	24,113,565	97.28	588,108	24,701,673	99.66
2011	2010	23,238,644	22,902,145	98.55	229,480	23,131,625	99.54
2012	2011	21,948,802	21,691,376	98.83	256,480	21,947,856	100.00
2013	2012	21,423,240	21,113,760	98.56	309,067	21,422,827	100.00
2014	2013	21,384,269	21,144,336	98.88	0	21,144,336	98.88

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			
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
2014	48,541,210	2,088,963	4,626,050	—	—	55,449,398	2.02	890

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
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	47,628,045	0.41	768
2014	47,655,000	0.42	782

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, 2014

	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	\$157,373,394	8.1%	\$12,747,245
Fulton County Board of Education	87,460,000	13.7%	11,982,020
Subtotal, overlapping debt	244,833,394		24,729,265
City of Alpharetta direct debt	48,541,210	100.0%	48,541,210
Total direct and overlapping debt	\$293,374,604		\$73,270,475

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Debt limit	\$460,476,790	\$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
Total net debt applicable to limit	47,655,000	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
Legal debt margin	\$412,821,790	\$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
Total net debt applicable to the limit as a percentage of debt limit	10%	10%	10%	4%	6%	6%	9%	12%	17%	12%

Legal Debt Margin Calculation for Current Fiscal Year

Assessed value	\$4,077,203,831
Add back: exempt real property	527,564,070
Total assessed value	4,604,767,901
Debt limit (10% of total assessed value)	460,476,790
Debt applicable to limit:	
General obligation bonds	47,655,000
Less: Amount set aside for repayment of general obligation debt	(913,165)
Total net debt applicable to limit	46,741,835
Legal debt margin	\$413,734,955

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
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
2014	62,298	2,750,020,614	44,143	35.8	16.0	17,989	5.9

Data sources:

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

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	2014			2005		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
ADP	2,024	1	2.53%	1,700	3	1.68%
McKesson	1,775	2	2.22	1,400	4	1.38
LexisNexis	1,491	3	1.86	—	—	—
Verizon Business Network Svcs	1,312	4	1.64	—	—	—
Comcast	1,015	5	1.27	—	—	—
UPS Supply Chain Solutions	1,002	6	1.25	850	10	0.84
Hewlett-Packard Company	892	7	1.12	1,000	7	0.99
Equifax Information Services	733	8	0.92	1,195	6	1.18
E Trade Financial	683	9	0.85	—	—	—
Chartis Insurance (AIG)	661	10	0.83	—	—	—
AT & T	—	—	—	2,600	1	2.57
Cingular Wireless	—	—	—	1,800	2	1.78
Lucent Technologies	—	—	—	1,359	5	1.34
Radiant Systems	—	—	—	925	8	0.91
MCI	—	—	—	900	9	0.89
	11,588		14.49%	13,729		13.56%

Source: City of Alpharetta Community Development Department

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

<i>Function</i>	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General government										
Mayor and City Council										
Elected officials	7	7	7	7	7	7	7	7	6	7
City Administrator										
Full-time personnel	8	6	7	7	7	7	6	7	7	5
Part-time personnel	2	2	3	2	—	—	1	2	2	1
City Clerk										
Full-time personnel	3	3	2	2	2	2	2	2	2	3
Economic development										
Full-time personnel	2	2	—	—	—	—	—	—	—	—
Engineering										
Full-time personnel	25	29	29	29	29	29	26	28	23	23
Environmental Services										
Full-time personnel	—	—	—	—	—	—	—	—	—	—
Finance										
Full-time personnel	22	22	24	24	24	24	24	22	21	21
Part-time personnel	1	1	1	1	1	1	—	—	—	2
Human Resources										
Full-time personnel	2	2	3	3	3	3	3	6	6	6
Municipal Court										
Elected officials	1	1	1	1	1	1	1	1	1	1
Full-time personnel	7	7	8	8	7	7	8	8	6	6
Part-time personnel	1	1	—	—	1	1	—	—	—	1
Public Information										
Full-time personnel	1	1	—	1	1	1	1	1	1	2
Technology Services										
Full-time personnel	12	12	11	11	11	11	12	9	8	8
Part-time personnel	—	1	—	—	—	—	—	—	—	—
Community Development										
Full-time personnel	22	21	20	20	21	21	21	21	18	20
Public Safety										
Police										
Full-time certified officers	111	105	105	105	104	104	104	102	84	76
Full-time uncertified officers	—	—	—	—	—	—	—	—	3	1
Full-time civilian	32	29	30	25	34	34	32	30	27	30
Part-time civilian	12	11	12	3	6	6	3	8	2	3
Fire										
Full-time certified firefighters	96	96	95	95	93	93	94	86	77	83
Part-time certified firefighters	—	—	2	2	1	1	—	3	3	3
Full-time uncertified firefighters	—	—	—	—	—	—	—	3	6	1
Full-time support personnel	1	—	—	—	—	—	—	1	1	1
Public works										
Full-time personnel	30	33	33	33	33	33	33	28	31	35
Culture and recreation										
Full-time personnel	48	51	51	51	51	51	51	51	50	50
Total	446	443	444	430	437	437	429	426	385	389

City of Alpharetta
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

<i>Function</i>	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General government										
Ordinances approved	13	10	13	12	20	35	40	30	30	25
Special events held	104	95	90	62	62	65	61	35	38	39
Court cases heard	13,791	17,498	18,946	21,336 ¹	9,859	12,449	12,428	12,527	12,342	12,499
Bond rating	Aaa/AAA	Aa1-AAA	Aa1-AAA	Aa1-AAA	Aa1-AAA	Aa1-AAA	Aa1-AAA	Aa1-AAA	Aa1-AA+	Aa1-AA+
Software applications supported	124	157	164	173	172	179	80	70	68	66
Grants managed	42	44	40	43	40	30	34	34	26	17
Police										
Calls for service	77,967	77,156	70,711	74,773	82,499	74,966	98,223	80,229	52,056	45,731
Part 1 crimes reported	1,655	1,627	1,797	1,486	1,676	1,126	1,899	2,077	1,922	1,445
Traffic citations issued	26,478	24,316	22,517	21,561	23,621	18,727	17,519	19,197	16,100	15,290
Fire										
Incident responses	6,305	5,984	5,268	5,410	6,143	6,197	5,939	5,590	5,113	5,119
Average response time	3:29	3:40	6:18	6:18	6:46	6:24	4:23	5:24	5:29	12:04
Fire safety programs conducted	159	146	176	146	145	126	100	395	203	299
Inspections conducted	7,253	7,048	7,215	7,269	7,216	7,404	5,093	6,456	4,646	5,753
Highways and streets										
Traffic signals timed	49	54	51	50	40	56	N/A	82	N/A	41
Average days to repair pothole	1	1	1	1	1	2	1	2	25	2
Stormwater plans reviewed	106	163	133	133	103	161	260	224	68	60
Community development										
New building permits issued	3,892	3,287	2,995	2,516	2,360	3,352	3,692	4,821	3,855	3,800
Parcels annexed	—	—	—	—	1	—	2	36	352	352
Culture and recreation										
Park acres maintained	312	312	312	312	311	311	306	306	300	306
Greenway acres maintained	206	206	206	206	205	205	200	200	200	200
Annual program registrants	37,310	36,191	26,366	20,106	20,132	21,135	23,597	23,777	23,500	23,791

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>	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units and support vehicles	158	155	135	146	139	145	138	115	110	97
Police motorcycles	8	8	8	7	7	7	6	5	6	6
Fire										
Fire stations	6	6	6	6	6	6	6	6	6	4
Ladder units - in service	1	1	1	1	1	1	1	2	2	3
Ladder units - reserve	1	1	1	1	1	1	1	-	-	1
Pumper units - in service	6	6	6	6	6	6	6	6	6	5
Pumper units - reserve	2	2	2	2	2	2	2	2	2	2
Highways and streets										
Streets - paved (miles)*	214	214	214	214	218	270	270	270	257	217
Streets - unpaved (miles)	1	1	1	1	1	1	2	2	2	1
Sidewalk (miles)	214	212	211	205	205	202	204	170	143	116
Drainage - piped (miles)	99	99	100	100	100	100	99	99	90	40
Drainage - open (miles)*	35	35	40	40	40	165	165	165	157	140
Culture and recreation										
Parks - active and passive	15	15	14	15	14	11	9	9	9	9
Park acreage	764	764	764	764	762	762	757	760	769	769
Greenway and walking trails (miles)	12	12	12	12	11	11	11	11	11	11
Adaptive athletic fields	1	1	1	1	1	1	1	1	1	1
Athletic fields	28	29	28	28	29	28	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	1	2	2	2	2
Tennis courts	17	17	17	17	17	17	17	17	17	17
Recreation buildings	20	20	20	20	20	18	18	11	11	11
Playgrounds	8	8	8	8	7	7	7	7	6	6
Picnic shelters/restrooms	24	24	24	33	31	31	29	24	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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